

Local Government
Management Project

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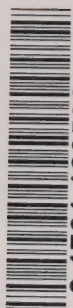
The LGMP Experience:

Guidelines for
Organizational Change in
Local Government

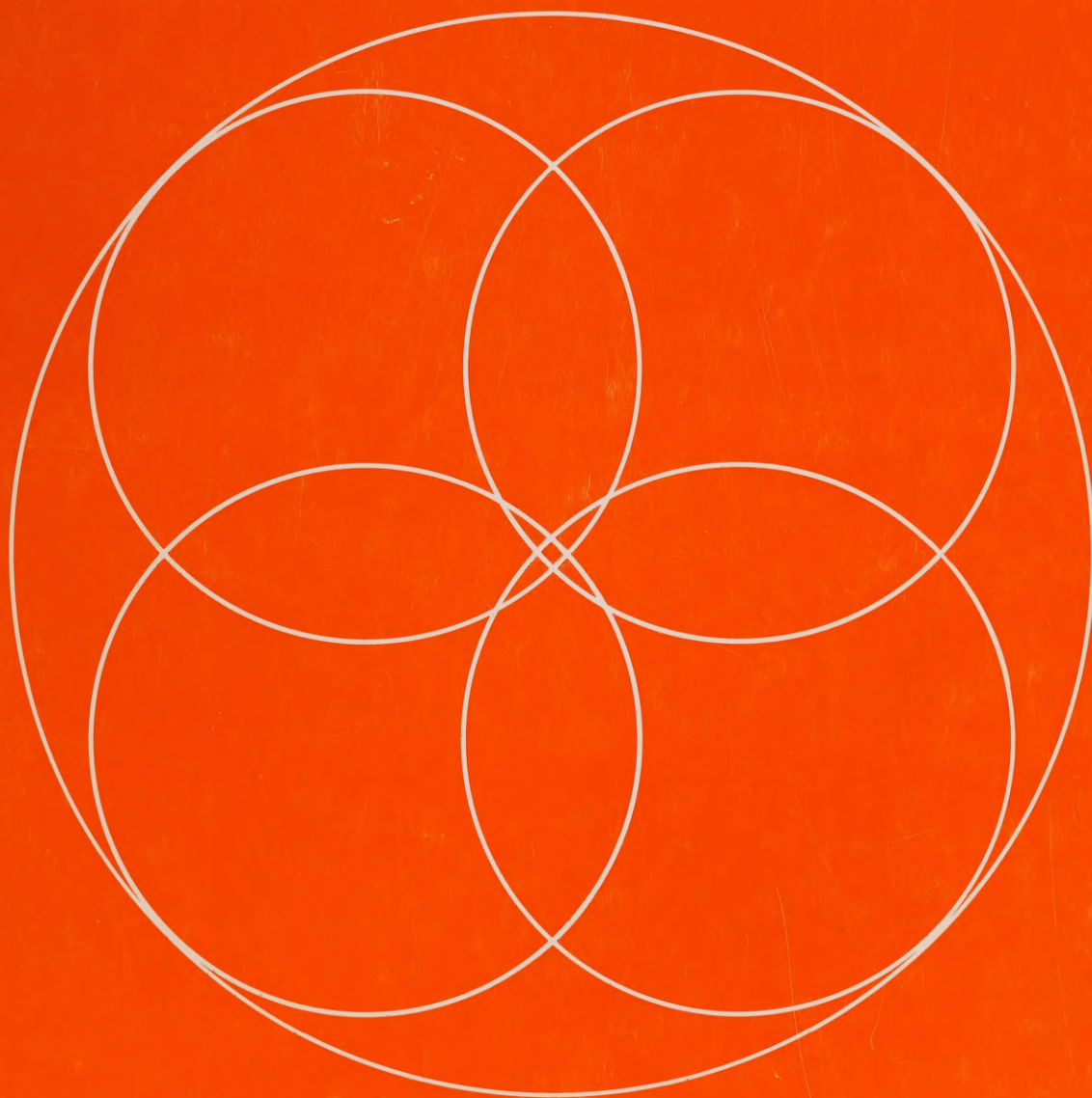
The LGMP Team

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The LGMP Experience:

Guidelines for
Organizational Change in
Local Government

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The LGMP Team

April, 1977

This Publication has been Prepared as Part of
The Local Government Management Project

A Joint Project of

The Ministry of Treasury, Economics and Inter-
governmental Affairs, Province of Ontario

The Cities of London, Ottawa, and St. Catharines and
The Regional Municipality of Niagara

The School of Business, Queen's University at Kingston



3 The Local Government Management Project (LGMP) is an experimental Project designed to test methods of improving management in local government. It is jointly sponsored by the Province of Ontario and four Ontario municipalities and was designed, implemented and evaluated by a Project Team from Queen's University.

During the process of implementation a number of papers were written by the Project Team in an attempt to supply needed information and direction to managers in the Project Municipalities. These papers cover the conceptual content of workshops and the information the Project Team felt was necessary for the education of managers. To a limited extent, they also describe some of the events which took place during the LGMP.

The papers contained in this publication have been revised and an attempt has been made to place them in the sequence which appears most appropriate and useful for other managers or consultants who might be interested in attempting similar programs of organizational change. Members of the Project Team and the Project Leaders in the municipalities had direct input to these papers and, in many cases, developed the processes described here.

In addition to the financial support which the Ministry of Treasury, Economics and Intergovernmental Affairs has provided, two members of the Advisory Services Branch have given ongoing advice and valuable personal support to the Project. Bryan Isaac accompanied the Project Team on a large number of training workshops in all four Project Municipalities. In this way he was able to obtain an even better overview of the progress of the Project than the Project Principals and was able to offer his counsel in many instances. Bonnie Brown of the Ministry offered constructive, insightful and detailed comments which greatly helped to put this publication in perspective. Her support during the implementation stage has enabled the Project to continue in spite of delays in meeting publication deadlines.

Special thanks go to Gord McDiarmid, Jean Mcleod and Charlie Ketcheson who wrote and edited much of the material in this book, and to Faye Gallery and Nancy Peverley who typed and retyped numerous drafts.

The LGMP would not have been a reality had it not been for the support and patience of Ted Gomme, Director of the Advisory Services Branch of the Ministry of Treasury, Economics and Intergovernmental Affairs. Jim Nininger of the Conference Board in Canada was, to a greater extent than any other person, the originator of the LGMP and when he was a Project Principal helped to direct the Project during its early stages.

It is hoped that local government administrators will find the concepts and descriptions of events in this paper useful. As many as possible of the LGMP techniques and approaches to management training are incorporated in these twenty-three papers. They have been sequenced in what the LGMP staff found to be an appropriate order for implementation and provide a convenient background for managers attempting almost any type of organizational change.

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Over the past thirty years there has been a subtle change in our work-related values. The traditionally accepted commitment to work has largely disappeared. Holding a job is no longer a key to self respect. Activity on the job has become much less of a conditioned reflex to social expectations.

These changes do not, however, mean that work is not important to us or that we do not want to work. They do mean:

- 1 that we wish to be recognized as individuals of worth in the workplace;
- 2 that we wish to have a clear idea of the goals we are helping to achieve;
- 3 that we wish to participate in improving the efficiency and effectiveness of our own efforts;
- 4 that we wish to be able to develop and use our own potential as much as possible; and

- 5 that we wish to be respected members of a team, both in regard to our contribution on the job and to the betterment of society.

The alternative is clearly alienation, resignation and potential chaos.

The desires to achieve, to produce, to create, to be respected, and to grow, are still present to a high degree in most of us. It is management's task to provide a climate in which these needs can be fulfilled in an ongoing and mutually positive manner.

This book is dedicated to the local government manager who presently works in a frustrating and incentive destroying work climate. It is also dedicated to the councillors who can play important roles in improving the quality of that work climate. Hopefully it will provide them both with some thoughts and suggestions which may help them to develop a more productive environment within their respective jurisdictions.

The Local Government Management Project (LGMP) is a co-operative experiment in the application of new management technique in local government. It involves the Province of Ontario, the Cities of London, Ottawa, St. Catharines, the Regional Municipality of Niagara and a Project Team from Queen's University.

Goal and objective setting was introduced as an initial intervention technique and subsequent efforts at management improvement were developed in response to problem identification.

Preliminary arrangements for the Project took place from November, 1972, to its approval by the Ministry of Treasury, Economics and Intergovernmental Affairs in April, 1974. Introductory training of Project staff and obtaining of municipal approval was completed by September, 1974, enabling the initial orientation workshops to take place in the fall of that year. Implementation of new management processes began early in 1975. The active involvement of the Queen's Team will terminate June 30, 1977.¹ Publication of analysis and evaluation of the Project is scheduled for completion by February 28, 1978.

Purpose of this Book

During the course of the LGMP it has become increasingly apparent that there are a number of important factors that should be considered by anyone who intends to improve management efficiency or effectiveness in local government. To highlight these, a number of descriptive papers were developed by the LGMP Team and staff from the four municipalities participating in the Project. These papers, organized under six main headings, form the nucleus of this publication. It is directed primarily toward municipal councillors and administrators, university staff, consultants and public sector management advisory personnel who are concerned with improving the efficiency and effectiveness of local government. The 'short paper' format was adopted in order to provide easy reference to a number of ideas and methods for managerial improvement. These may be of assistance whether or not an overall approach similar to that of the LGMP is adopted.

Municipal needs for management improvement vary somewhat between municipalities, however, a fairly high degree of similarity is apparent. It appeared to the

LGMP staff that these needs could be defined in categories and placed in a logical sequence, in terms of the order in which management improvements should be introduced. This order has been followed in this book. Thus the materials and concepts contained should be helpful to both change agents and managers when introducing desirable management procedures and techniques. Project materials have been revised, redesigned and sequenced, to incorporate the lessons which were learned during the Project. Comments have been included which should provide change agents with useful information regarding the value of the various processes described.

Managers who wish to use these materials as an aid to management improvement will probably not have access to a central project team such as the Queen's Team, but should be able to obtain assistance from outside sources (consultants, Advisory Services Branch, etc.) when appropriate. It may, in fact, be possible and viable for several municipalities to engage in a joint improvement project and work together with one consultant or university staff team in a manner somewhat similar to the implementation stage of the LGMP.

Overview of this Book

The first part of this book presents an overview of the LGMP while the other five parts roughly trace the sequence of events in the implementation phase of the LGMP. The six parts are as follows:

- Part I An Overview of the LGMP
- Part II Preparing for a Major Organizational Change
- Part III Initiating Organizational Change
- Part IV Improving Management Structures and Processes
- Part V Improving Administrative Interaction
- Part VI Working Toward Corporate Management

Each part consists of a short note outlining the importance of that particular aspect of management improvement, followed by one or more papers which attempt to provide needed information or describe a process in some detail. These papers seek to provide both the theoretical background required by internal and external change agents, and practical working guides (required by both the change agents and the managers themselves) for use in applying that theory.

These next few pages summarize the six segments of the book so that the reader can:

¹ An overview of the LGMP and progress to date in each of the participating municipalities can be found in Part I, Paper 1.

- 1 grasp the general structure of the book and the main subjects covered; and
- 2 more easily identify those sections of the book that are most relevant to his immediate needs and which he will want to examine in depth.

Part I An Overview of the LGMP

Part I is designed to give the reader a perspective on the LGMP to enable him to identify aspects of the changes introduced during the Project which might be relevant to the needs of his municipality. Four municipalities, ranging in population from 120,000 to 340,000, participated in the Project. Each municipality had a different political and administrative structure. Different management problems were identified in each. Thus various LGMP experiences will have relevance for many different types and sizes of municipalities. *Paper 1 Development and Implementation of the LGMP*, outlines some of the experiences of the LGMP. It contains a brief discussion of the development of the Project and summarizes events in the four Project Municipalities to January, 1977.

Part II Preparing For a Major Organizational Change²

Unless an organization is ready for the introduction of management improvements, the possibility of success of such a program is rather limited. Even when the necessary conditions exist, an organized program of preparation for change is usually crucial to successful implementation. Those administrators and councillors who feel the need for changes in management processes must be able to supply force and direction to the change. Managers at all levels must sincerely believe that the new processes, procedures and techniques will be helpful and must incorporate them into their personal management styles.

Paper 2 Requirements for Successful Change identifies a number of conditions which must exist and others which must develop if an attempt at management improvement is to have the potential for success.

Paper 3 Developments in the Management of Local Government, provides an overview of the various initiatives which have been taken over the last fifteen years to develop more effective and efficient local government management. It provides useful background for managers who are in the initial stages of planning organizational change.

Paper 4 A Guide to Orientation Workshops, suggests both content and procedures for introducing a number of concepts to municipal administrators and councillors. A major role of such workshops is the function they perform in obtaining involvement and input from managers in planning the introduction and implementation of change.

Paper 5 The Role of Internal and External Advisors is included to help managers in selecting and developing internal change agents and in selecting and using the services of external change agents.

Internal change agents played a major role in contributing to the success of the LGMP. These were the 'Project

Leaders' — one in each Project Municipality. The LGMP Project Team played the parts of both external change agent and evaluator.

Part III Initiating Organizational Change

Part III describes the initial implementation of the LGMP and, through the readings, attempts to indicate some of the lessons learned by the Project Team.

The LGMP concentrated initially upon the development of goals and objectives at each administrative management level, beginning with department heads. It soon became evident, however, that many if not most managers had other needs that had to be considered before effective objective setting was possible. These needs, while reasonably consistent, varied somewhat with each municipality and with each department and division. *Paper 6 Basic Supervisory Training and Education*, outlines a number of 'plug in' training modules that can be used individually, or in sequence, to help managers to handle basic management problems and thus to be better prepared to use goals and objectives.

Many managers complained that they were too busy to take the time to learn how to use goals and objectives. *Paper 7 Management Overload* deals with some aspects of the problem of management overload and discusses some ways of assisting managers who are having problems in that area.

The LGMP intervention was designed to help managers to develop clear goals and objectives for their own jobs and to enable them to more effectively direct, delegate, communicate and co-ordinate activities within their areas of responsibility. Many managers found that the technique was hard to use, however, and an approach which seemed to help them to obtain pay-off from the system is described in *Paper 8 Problem Identification and Problem-Solving*.

Paper 9 Goal and Objective Setting in Local Government, describes the general process of goal and objective setting as it was developed by the LGMP. *Paper 10 Goal and Objective Workshops* describes the typical content of an initial goal and objective setting workshop.

Part IV Improving Management Structures and Processes

A comprehensive program of organizational change cannot be carried out in a municipality without confronting and dealing with inadequacies in existing management structure and processes. Almost immediately, as managers begin to set objectives, the need for new programs will be identified. *Paper 11 Establishing New Programs*, suggests a technique for the development of new programs, using goals and objectives.

The effective use of objectives requires the development of measurement systems and continuous information

2 Organizational change in the context used in this book refers to any major attempt to revise organizational structures or processes or to change management styles or techniques. Since the LGMP involved all of these the general term 'organizational change' is used when referring to the overall process.

flows between managers at all levels. In particular, staff departments must communicate freely with line departments in order to supply them with necessary services and to obtain feedback on the adequacy of those services. *Paper 12 Developing Information Systems in Local Government*, discusses the development of an improved information system.

Paper 13 Reviewing the Budget Process, discusses the results of a budget review which was carried out by LGMP staff. It indicates some of the different perspectives managers in different departments have of the same system and discusses an approach which can be used to improve the budget process.

Paper 14 Reorganizing a Department, discusses reorganization using goals and objectives and also considers the problem of reorganization at the outset of a goals and objectives program before managers are thoroughly familiar with the concepts.

An important pay-off from the effective use of individual and team reviews of goals and objectives is the development of more effective managers and better organizational structures and process. These techniques are discussed in *Paper 15 Developmental Performance Reviews*.

The relationship of the developmental management reviews to formal performance appraisal arises consistently and is an important question. *Paper 16 The Relationship Between Performance Reviews and Performance Appraisals* discusses this relationship and includes some suggestions for more effective performance appraisals.

The Project Team found very little information dealing with the actual measurement and improvement of management performance. Traditionally, managers had not set performance improvement objectives for their own jobs but had concentrated upon measures of output for the organizational units they supervised. Thus improvements in procedures, processes and the effective use of time had often been neglected as potential areas of management improvement. *Paper 17 Measuring and Improving Managerial Performance* presents some LGMP suggestions for improving managerial performance.

Part V Improving Administrative Interaction

Most of the recent challenges to local government in Canada have not conformed nicely to the traditional functional designations of authority and responsibility

such as Engineering, Finance or Planning. These challenges have tended to require the involvement and co-operation of many or all departments. This part of the book deals with the efforts of the Project Municipalities to integrate the contributions of the various departments in dealing with major problems.

It became clear to the Project Team that the major management problems in local government existed largely because departments considered themselves independent of each other. Not only was there a strong need for more and better communication and co-operation between departments, but there was also a need for more effective common support services. *Paper 18 Developing Effective Support Services*, deals with this problem.

Two means employed by the Project Municipalities to improve inter-departmental co-operation and co-ordination were the appointment of a Project Leader and the encouragement of a senior management team. The Project Leader's co-ordinating role is described in Part II, paper 5. *Paper 19 Goals and Objectives for a Senior Management Team*, and *Paper 20 Evaluating the Effectiveness of a Senior Management Team*, indicate some of the work with senior management teams. Similar processes of goal and objective setting and evaluation of effectiveness could be used by committees or teams at other management levels.

Part VI Working Toward Corporate Management

Many of the problems identified by administrators, even at the beginning of the Project, indicated serious weaknesses in the relationship between councils and administrations. These included lack of trust, misunderstanding and misinterpretation of roles, lack of clear delegation of responsibility, and little evidence of overall co-ordination in the corporate management of the municipality.

The Project Team realized the need to improve the council/administration interface as well as the importance of council involvement in developing goals and objectives at the corporate level. *Paper 21 Improving the Council-Administration Interface*, presents several alternative approaches to this problem area. *Paper 22 Council Involvement in LGMP Municipalities*, includes short case histories from the four Project Municipalities. *Paper 23 Corporate Management*, discusses the advantages of goals and objectives at the council level in some detail.

Part I

The LGMP is a four year Project aimed at developing improved management techniques in local government. A central Project Team from Queen's University is working with managers in the Cities of London, Ottawa and St. Catharines, and the Regional Municipality of Niagara to try to discover and adapt new methods of management which will fill the needs of the managers in each municipality. Since the population size and the political and administrative structures of each of these municipalities differ, various aspects of the LGMP experience will relate in quite different ways to other municipalities. Many of the lessons learned, however, appear to be general enough to apply to all municipal managers and possibly even to all managers regardless of the nature of their responsibilities.

Since the LGMP involves relatively large municipalities, most of the experiences are relevant to similar large organizations. A great number of the concepts, experiences and ideas, however, are highly applicable to managers in smaller municipalities as well, and those described in papers 6 to 10 and papers 15, 19, and 20 should be informative for individual managers in any size of municipal organization. Some general observations of organizational change have been included in this introduction to explain the philosophy upon which the LGMP was based.

Some Thoughts on Organizational Change

A major lesson to be learned from the organizational change experiences of both the public and private sectors is that management processes cannot be dealt with realistically out of the context of the organization, the people within it, or the existing management processes. Managers contemplating changes in local government must, therefore, consider all aspects of management, and should carefully define what it is that should happen within the system they plan to change.

Specifically, they should prepare for a long-term effort and for multiple and often unexpected repercussions within the organization. They should ensure that the requirements for change outlined in paper 2 are met, and that a reward system is established to provide support for those managers who make the required changes. Above all, however, they must be sensitive to the impact the change program is having on all aspects of management in all parts of the organization, and they must make sure that the program is flexible enough to make that impact constructive, well co-ordinated, and

long lasting. To do so, they must be prepared to educate both themselves and their colleagues.

The papers which follow concentrate on how to go about undertaking such an education, and how to integrate the developments outlined here into a comprehensive approach to organizational change based on a clear understanding of the organization and its particular needs.

LGMP Strategy

The LGMP began with goals and objectives training. Other management techniques are being adapted and incorporated as the intervention evolves. A major strength of the LGMP is the attempt by the Project Team to keep up to date on innovative management techniques and to incorporate and adopt useful ideas from other experiments to help managers in the Project Municipalities to be more effective and efficient. In fact, the LGMP has discovered that goals and objectives themselves can be used in many quite distinct ways in management depending upon the manager's style, his functional area, and the type of problems which are most significant at the time.

A better understanding of the relationship of the LGMP to other approaches to organizational change in local government can be obtained by reading *Paper 1 Development and Implementation of the LGMP*, *Paper 2 Requirements for Successful Change*, and *Paper 3 Developments in the Management of Local Government*.

This part of the book is specifically intended to acquaint the reader with the overall development and concept of the LGMP. To indicate what has happened to date, an overview of implementation experiences in the four municipalities (to January 1st, 1977) has been included. More detail, an analysis of those events, and a discussion of their implications for other municipalities is contained in the three stages of Project documentation (see *Publication Order Form* on the last page).

Introduction

The Local Government Management Project (LGMP) is an attempt to approach the problem created by the dichotomy of increasing needs and demands for local government services on the one hand and increasing concern over the growth in costs and tax levels on the other. It focuses on management activities in an attempt to assist managers in local government to improve their operations.

The initial thrust of the Project was the development of goals and objectives which vertically and horizontally integrated the efforts and resources of all levels and agencies of local government. Problem identification and subsequent decisions which evolved as part of the goal and objective setting system resulted in a wide range of improvements in management skills and processes.

When the Project was being considered and developed by the Project Principals it was anticipated that although the same approach would be taken initially in four Ontario municipalities, it might evolve differently in each. As was expected, different processes and sequences of implementation did develop in each municipality in response to different needs, pressures and applications. The result was that distinct Projects actually emerged in the four municipalities.

This overview of the evolution of the Project and the events in each municipality, is included here in order to assist the reader to evaluate and interpret the various aspects of development and implementation described in this book. The overview covers the introductory stage of the Project and the first two and three quarter years of implementation to January 1977.

Goals and Objectives of the Project

The stated overall goal of the Project is to assist those involved in the delivery of local government services to improve the efficiency and effectiveness of local government operations through the development and implementation of a comprehensive set of management processes based on goal and objective setting. The long term objectives of the Project include the following.¹

1 To assist each of the four Project Municipalities to develop and implement a goal and objective setting

system during the period from July, 1974 to June, 1977, by such means as;

- a examining and documenting existing information and decision-making systems;
 - b conducting workshops in goal and objective setting and the development of performance indicators at various levels;
 - c assisting administrators in the writing of goals and objectives and the development of performance indicators on an individual and group basis;
 - d assisting the four municipalities in establishing departmental goals and objectives;
 - e developing and helping to implement a comprehensive review process to contribute to an ongoing system; and
 - f facilitating the involvement of council in the process wherever possible.
- 2 To fully document the implementation experiences of the Project Municipalities by;
- a describing the *events* of the LGMP in as much detail as possible;
 - b *analyzing* the events and attempting to draw conclusions where appropriate; and
 - c providing *guidelines* for other municipalities in Ontario and elsewhere contemplating major organizational change processes.

3 To evaluate the effectiveness of the goal and objective system in improving local government management by obtaining base-line information on existing management systems and practices, managers' attitudes, modes of operation and uses of information and then monitoring them over time through the use of a standardized research instrument administered periodically over the course of the Project.

4 To continue to keep abreast of important developments in the field of local government and to publish reading guides, technical papers, case histories on other innovative approaches to improving local government, and other reference material likely to be helpful to Project participants and others.

The Early Development of the Project

The critical need for a systematic approach to the development of goals and objectives in local government was initially recognized and discussed in two week-long seminars sponsored by the Institute of Local Govern-

¹ This information is outlined in greater detail in the *Project Overview Statement* — see *Publication Order Form* on the last page.

ment, Queen's University, during the summers of 1971 and 1972. One of the Project Principals was invited to lecture on the topic of goals and objectives to the participants, primarily senior administrators from municipalities across Canada. His background search for material revealed that very few North American or European municipalities were using formal processes of goal and objective setting but that interest in such techniques seemed to be growing.

The participants in both the 1971 and 1972 seminars showed considerable interest in goals and objectives as an effective method of improving the management of local government. This interest prompted certain individuals at the Ontario Government's Ministry of Treasury, Economics and Intergovernmental Affairs to explore, with one of the Project Principals, ways in which the theory and practice of goals and objectives could be brought to Ontario municipalities. It was concluded that a project involving four to six municipalities over a three to four year period would be feasible.

As a result of these discussions, the Ministry hosted a one-day briefing session for local government officials from twelve municipalities in November, 1972. Its purpose was to gauge how much interest there was in becoming involved in a long term project. Many of the local government representatives indicated a high degree of interest in an extensive project aimed at improving the efficiency and effectiveness of their operations through the use of a system of goals and objectives.

The strong interest shown by the municipalities prompted the Ministry to underwrite the costs of an exploratory study of management and organizational development in North American and European municipalities. The background study showed the Project Principals that a number of municipalities, universities and professional organizations were approaching the problems of local government in a variety of ways. Each different approach, however, seemed to concentrate on one part of the management process, to the exclusion of most of the others.²

These findings had a significant impact on the LGMP. Rather than focusing on a part of the process, the LGMP was designed to affect all aspects of management and all areas of operation in local government. Thus the Project Principals were able to incorporate useful portions of the narrower approaches, then currently in vogue, into a comprehensive approach to management improvement.

This investigation concluded in June, 1973, with a seminar for municipal administrators that described the results of the background search and outlined the nature and structure of the proposed project in more depth. At this seminar the Project Principals explained that they wanted to implement the goal and objective setting system simultaneously in several municipalities of different sizes and structures and to document and evaluate the implementation.

The Project Principals outlined that they, and a team from Queen's University (referred to as the Project

Team), would be responsible for the introduction of the system and for training, documentation and evaluation. Implementation, training and counselling would be co-ordinated in each municipality by a Project Leader appointed by the municipality. Each municipality would also appoint a Task Group consisting of senior administrators, and hopefully, some elected representatives to oversee the implementation of the Project. The Ministry, which would assume responsibility for the bulk of the funding, would act in a co-ordinating capacity, and would ensure that the experiences of the Project Municipalities were communicated to other Ontario municipalities.

Again, most of the municipal officials were enthusiastic about the proposed project. The Ministry invited the municipal representatives to indicate, in writing, their degree of interest in the project. Of the sixteen municipalities represented at the seminar, twelve responded to the Ministry's request, nine expressing a high degree of interest in becoming Project Municipalities. At the same time the Ministry asked the Project Principals to submit a proposal containing the details of a four-year project aimed at implementing and documenting a broadly conceived system of goals and objectives in several Ontario municipalities. Such a proposal was submitted in July, 1973.

The approval stage took considerably longer than was anticipated because final Cabinet approval was not received until May, 1974. This additional time allowed the Project Team to undertake further background research and to develop a deeper understanding of the process which would form the basis of the Project.

Once Cabinet support was assured, the next step was to secure a definite commitment from the municipalities regarding their involvement in the Project. Gradually and for diverse reasons, the number of potential participants was whittled down from nine to six and finally to four. These were the Cities of London, Ottawa and St. Catharines, and the Regional Municipality of Niagara.

Project Developments to Date

Project developments and accomplishments will now be discussed separately for each municipality. The purpose of this discussion is to provide a framework for the individual readings included in this book. Those who are interested in obtaining some situational background to the procedures and processes which were attempted are encouraged to read these short descriptions.

It should be noted that all of the procedures and processes developed in these readings were not carried out in any one Project Municipality.

More extensive detail and analysis of the Project developments in the Project Municipalities can be obtained by reading the other Project publications in

2 These different approaches are described in some detail in paper 3 and in the LGMP publication *Developments in the Management of Local Government - A Review and Annotated Bibliography*.

Series A which is concerned with Project documentation and evaluation.

1 London

Since September, 1974, the Project Leader in London has worked with the Queen's Team in a co-ordinating role to implement the LGMP process in the municipality. The Project did not become fully operative, however, until the fall of 1975, due to a change-over in the CAO position and a major reorganization of the administrative structure following a consultant's report. In the meantime, the police chief decided to go ahead with goal and objective training. He had already developed a senior management team within the department and that team worked to determine goals and objectives for the department in a very effective manner.³

The Project Team and Leader in London have concentrated on seven major management areas.

- a Providing managers at two or more levels in each department with assistance in the development and use of goals and objectives.
- b Establishing mutual awareness of goals and objectives at the different management levels, through seminars for department and division heads. The purpose of these meetings was to ensure that management efforts were integrated across the city and that communication channels were open.
- c Assisting in the streamlining of resource allocation by supporting attempts to identify obstacles in the work flow and encouraging the use of problem-solving objectives and activities.
- d Helping managers to identify their needs for information and supporting activities and to co-ordinate and organize management processes to meet these needs e.g. performance appraisal (one department) and budget analysis.
- e Identifying areas in which managers wished to refine their skills and developing training materials and holding seminars to deal specifically with these areas. In some divisions this training was found to be necessary before goal and objective setting was possible.
- f Designing a review process to evaluate progress towards the achievement of chosen goals and objectives.
- g Reviewing past council decisions and activities in certain key policy areas to develop a picture of the corporate policy position in these areas. The purpose of this review was to provide a framework for council to clearly define the city's direction through the establishment of corporate goals and policy objectives.

The first thrust of the Project was to provide training and assistance in the setting of goals and objectives. Departmental goals were established and thoroughly critiqued in all major departments and at joint depart-

mental and divisional workshops. Several departments and divisions also set and attached priorities to ongoing work objectives. The extent to which the goals and objectives have been established by individual managers varies considerably among departments. Certain managers displayed a good deal of initiative in the process, others made a show of objective setting, while others did not become involved at all.

More recent Project efforts have not stressed goals and objectives but have concentrated on improving inter-departmental management processes. Problem identification sessions have been held in the two major departments leading to the establishment of problem-solving objectives as well as improving communication and co-ordination throughout these departments. Workshops specifically designed to identify and to help solve communication problems were also held with various divisions.

Council involvement in London has been somewhat limited to date. The Project Team has outlined the procedure and benefits to the city government, of council setting overall corporate goals and policy objectives for the municipality. As well, the Project Leader, with the assistance of the Project Team, has analyzed the content of past council decisions in a number of areas to help to identify for council both the expressed and implied goals, objectives and policies contained.

The role of the Project Leader has developed somewhat differently in London than in the other municipalities. The Project Team and the CAO recognized that there was a need for a senior level manager to integrate all management and organizational development activities and to provide leadership on a daily basis. Consequently, the Project Leader took on the responsibility of co-ordinator for all management and organizational development activities in the municipality, including LGMP activities.

2 St. Catharines

The LGMP has progressed exceptionally well in St. Catharines, largely as a result of the strong support of the City Administrator and the Mayor. By late 1976, managers in all but three departments had established goals and objectives for their operations and were preparing to implement a review and evaluation process in the first half of 1977. Managers in the other three departments were close to finalizing their goals and objectives.

The efforts expended to reach this stage had several important benefits for the municipality, including greater clarification and understanding of the roles and responsibilities of individual managers and organizational groups, improved communication within and between departments, and the acceptance of team work as an effective way of handling certain tasks.

Team management at the department head level has been a particularly important innovation implemented by St. Catharines' chief administrator with the assistance of the Project Team and Project Leader. This was accomplished partially through special joint projects

³ The police department experience in London was documented by the Project Leader in London and copies of that report may be obtained from him.

and meetings in which the department heads analyzed and critiqued the goals and objectives of each department. Team decision-making has become much more prevalent in dealing with high level matters resulting, in most cases, in more effective decisions. It has also had the beneficial effect of broadening the outlook of many department heads from a merely departmental orientation to a 'whole organization' outlook.

During the Project, two of the major departments felt the need to make changes in their administrative structures in order to better meet the demands being placed on them. The Project Leader, with the help of the Project Team, was able to assist both of these departments to establish a suitable structure through the use of a goals and objectives approach.

While the Mayor was involved in Project decisions from the beginning, council's first important involvement consisted of receiving reports from each department head identifying departmental goals and broad objectives, plus issue areas where new council policies were desired. In the fall of 1976, a joint council/administration workshop was arranged. In preparation for the workshop, the chief administrator and department heads consolidated the issue areas already identified, and councillors and administrators contributed a number of new areas in which there seemed to be a need for policy direction and guidance. The workshop was extremely successful in generating the required policy statements from council as well as in strengthening the relationship between the two bodies.

St. Catharines was the only municipality in which a change in Project Leader occurred. Fortunately, both of the Project Leaders were able and energetic. The second Project Leader was able to gain the respect of managers and adapt in a remarkably short time.

3 *Ottawa*

The first phase of the Project in Ottawa involved numerous seminars and workshops at all managerial levels in the three participating departments. These sessions served not only to introduce the goal and objective setting system and to get the process underway but also led, for a time at least, to increased communication and co-operation among managers in the three major departments.⁴ The Project received a good initial impetus through the appointment of an able and energetic Project Leader and a Task Group representative from each of the three participating departments.

Once preliminary goals and objectives had been established at each managerial level the second phase was begun. This involved different approaches for each department. For the Physical Environment Department it meant the development and implementation of a goals and objectives review process involving monthly meetings at all four management levels. For the Finance Department, largely operating independently of the LGMP, Phase Two meant not only the implementation of a review process but also some changes in the budget process and format to make full use of the goals and objectives developed in participating departments. Sec-

ond phase activities in the Community Development Department were limited because of major personnel changes. The Project Team was involved, however, in one joint project involving this department and several outside groups. This project successfully made use of the goals and objectives system to accomplish a specific task.

Ottawa's City Council expressed a firm commitment to the Project and a desire to become involved in a meaningful way. This led to three joint council/administration problem-solving workshops which were extremely valuable not only in leading to solutions of difficult problems but also in opening up channels of communication that had not existed previously. Unfortunately, council attendance varied from workshop to workshop and at the end of 1976, the process was dropped pending possible renewed interest and genuine support by the incoming council.

4 *Regional Municipality of Niagara*

Largely through the initiative of the Project Leader, goals and objectives were rapidly established at all management levels in most major departments. Several other departments had nearly reached this stage by the end of 1976. The goal and objective system was probably more effectively and more rapidly adopted within three or four of the major departments in Regional Niagara than it was in any of the other municipalities. A review process and re-establishment of priorities has been implemented with several groups, and some managers have established formal goals and objectives for their personal operations.

A great deal of effort has been expended by the Project Leader and Project Team in the municipality in identifying and resolving intra- and inter-departmental problems. This has involved clarifying roles and responsibilities of managers in some cases and, in one instance, the restructuring of a department.

The benefits of the efforts to date have been felt in most departments and include such things as increased awareness and understanding of other departments, better teamwork, more communication between work groups, and increased motivation and openness of staff.

One task that received a considerable amount of attention from the Project was an attempt to improve the quality of support services provided by departments such as Finance and Personnel to the operating departments. The approach taken was to have the operating departments define their needs and expectations regarding each support service, by using goals and objectives. Support departments were also asked to set goals and objectives for the support services they supplied. Mutual discussions were then held to determine the degree to which the support departments could supply appropriate services and to develop or revise proced-

4 When the non-participating departments did not enter the Project and the Commissioner of Community Development and two of his branch heads left the City, this temporary improvement in inter-departmental communication largely disappeared.

ures. This approach proved to be successful in improving both specific services and procedures, and, to some extent, it had a beneficial effect on the attitude of support service managers towards their jobs.

The goals and objectives process was also instrumental in helping to establish three new programs in Regional departments. It was found to be extremely useful and effective for this purpose, particularly in regard to its ability to aid in the comparative evaluation of alternatives.

The Project Team and the Project Leader worked, to some extent, in conjunction with the committee of department heads. Difficulties were encountered, however, partly because this group did not have the authority to carry out its plans and decisions and had no formal reporting relationship with council. (Department heads reported through committees of council and no central executive committee or board existed.) The Regional Council as a body had very little to do with the Project for various reasons. On the other hand, the four Regional councillors on the Project Task Group were highly supportive of the Project from the outset and contributed greatly to its success.

Summary

It is evident from these short summaries of the events of the LGMP in the four municipalities that the Project developed somewhat differently in each. This was because each municipality had its own structure, systems and tradition, and the areas where change was needed differed for each. Also the degree of readiness for change differed between and within the municipalities.

Some areas required change and the individuals involved were prepared for relatively vigorous involvement. Other managers were hesitant, however, and the change processes were found to be more effective in these cases if they were introduced more slowly.

Consequently, the papers in this book do not follow and describe an overall, consistent process or system but rather describe processes that were introduced into specific municipalities to meet special requirements. Thus the application of any one of the processes mentioned, had to be sufficiently flexible to adapt to a particular management situation. In many cases the Project Team found that their work was more fruitful if they worked with managers to develop and implement processes, rather than imposing pre-conceived systems. A number of processes and tools for change were available for use when the occasion dictated.

This approach requires that the timing, format and character of the new management processes must be clearly related to the context in which they are introduced. Their effective use requires managerial sensitivity to current processes and thinking and the ability to define the needs for management improvement before using the techniques discussed in this book.

Paper 2 discusses the context for organizational change in municipalities in more detail.

Part II

This section of the book contains four short papers which concentrate upon a discussion of the pre-conditions for effective change and of the activities necessary to prepare a local government organization for change. There are, essentially, two major considerations involved in preparing a municipality for a large scale organizational change. The first involves obtaining confirmation that the organization is ready to undergo such a process and the second is concerned with the preparation of managers for the introduction of the change program. Each of these is described in turn.

Assessment of Readiness¹

Paper 2 Requirements for Successful Change, discusses both pre-conditions for change and conditions which must be developed as the process evolves. The LGMP staff feel that pre-conditions must include:

- 1 pressure on councillors and/or administrators, creating a significant need for change;
- 2 a clear identification of the problems which exist and an awareness of those problems by both top administrators and councillors;
- 3 a knowledge of the probable duration of the change program and a commitment to provide the necessary resources;
- 4 a well thought out system of rewards for improvements in managerial effectiveness;
- 5 the help of an effective external change agent who can lend both advice and prestigious support to the program; and
- 6 a commitment by a large proportion of top administrators to the program and a council which must at least be aware of and support the general concept.

The manager or managers initiating a change should be aware of the above pre-conditions. To assess readiness they should first identify the major needs for management improvement in their municipalities. An external change agent can be contacted at this point and discussions can be initiated regarding possible strategies and methods of change. *Paper 3 Developments in the Management of Local Government*, discusses some of the approaches which have been taken to change municipal organizations in the past. This paper should be very useful in helping local government managers to develop a perspective on the types of programs which are possible.

With the need for changes clearly identified and some alternative strategies available, other top managers can be briefed and brought into the discussion. Unless a large proportion of top administrators agree upon both the need for change and the method to be used, the chances of success are limited. If administrative solidarity and support is evident council can be briefed on the proposed program. Potential benefits and costs of the program can be outlined and guaranteed support in terms of fiscal resources can be obtained. The next steps involve administrative preparation.

Administrative Preparation

The administration should first appoint an internal change agent who will have specific responsibility for co-ordinating and continually emphasizing the importance of the program. He should either report to a highly influential administrator (e.g. a CAO), to a senior management team or to an executive body. The second major requirement is the selection of a qualified external change agent. A discussion of the development of both internal and external sources of expertise is included in *Paper 5 The Role of Internal and External Change Agents*. It is important that the administration selects, as an external change agent, a knowledgeable person with whom they feel they can work smoothly over a long period of time. Generally, they would be wise to request a presentation outlining the various alternatives for change programs from such a person before he was hired. The roles of both internal and external change agents are also discussed in paper 5.

The individual or individuals (administrators or councillors), primarily responsible for the initiation of the management improvement process, should work with the internal and external change agents, top administrators and, preferably some members of council to identify those aspects of the municipal operation which most clearly require change. The present state of the organization should be clearly defined in all respects, including the identification of existing management procedures and processes. The desired state, following the implementation of change, should also be clearly identified so that definite targets or objectives can be determined for the change process.

1 Part II of *The LGMP Experience: Phase I* contains a detailed discussion of assessing readiness for change – (see *Publication Order Form* on the last page.)

The external change agent should hold detailed planning workshops with senior administrators to design a program which fits municipal needs. As mentioned earlier, paper 3 discusses a number of possible programs which have been attempted in the past and indicates the danger of narrowly defined approaches to management improvement. Generally, any comprehensive program of management improvement will involve aspects of a number of the programs which are described.

Paper 4 A Guide to Orientation Workshops, discusses the characteristics of an effective orientation workshop for a major program of organizational change. Some tentative decisions regarding method of change and timing of the program should be made prior to an orientation workshop. Managers in the initial workshops should be asked for their suggestions regarding the program, however, and the program should be modified to meet the needs they identify. An effective program of organizational change should have definite objectives but these can be adjusted and adapted to meet the needs of managers as the process unfolds.

Orientation workshops should be primarily educational and should involve at least the top three levels of

management. A commitment to the new program and an understanding of its aims and possible consequences are important at those levels so that questions from managers and employees at lower organizational levels can be handled effectively. Union representatives should also be briefed regarding the characteristics of the program, its aims and potential impact upon individuals. Often union representatives can be helpful in designing and implementing the program and in recognizing potential problem areas.

Papers 2 and 3 provide good reference material for orientation briefings. Certain types of case examples were found to be useful in LGMP orientation workshops but they must be written carefully and must be specifically designed for the particular program and environmental circumstances.

Introduction

Before any program of organizational change is attempted the initiators should ensure that the municipality is ready for the desired change. In addition to the initial prerequisites for successful change, certain conditions must develop during the process. This paper discusses both requirements.

During the research on management practices in North America and Europe carried out by the LGMP staff, ten major directions of new development were identified.¹ A conviction emerged that most efforts to implement organizational change had concentrated on one of these areas at a time and had tended to ignore the impact of the attempted changes upon other aspects of the organization. In addition, there was a tendency to try to apply a particular type of process or procedure for improvement, without adapting and adjusting it to meet the needs of a specific municipality. When the standard process did not succeed, the initiating managers tended to terminate the attempt and either rejected further efforts at management improvement or turned to an entirely different process, often with the same unrewarding result.

There is, of course, a large enough body of evidence to indicate that any change program will fail if the organizational climate is not conducive to the change being introduced. A number of authors identified criteria that are necessary if change programs are to be successful.² Others have identified the attitudes which must either be present or be developed if members of an organization are to participate fully and meaningfully in the process. *The LGMP Experience: Phase 1* enlarges upon ten prerequisites for the introduction of effective change processes and attempts to apply those prerequisites to the municipal context.

In this paper, the overall concepts upon which the LGMP was based are discussed. To date, these have generally been confirmed by the reaction to the Project in the four municipalities. In fact, the Project experiences have con-

tributed a good deal of evidence which permits enlargement of the original concepts.

LGMP Confirmed Requirements for Successful Organizational Change

From the LGMP viewpoint, the perceived requirements for successful major organizational change in local government can be placed in eleven categories. These are listed below and will be discussed in the remainder of the paper.

- 1 There must be some internal or external pressure upon the executive (council) or top administrative levels to make improvements in their operations. As well, they must be purposefully searching for solutions.
- 2 The change must be introduced at the top administrative level and must have both the backing and active involvement of most (if not all) of the top administrators.
- 3 If the executive level is hurting, the intervention must be translated to meet their needs as soon as the top administrators are secure with the necessary new concepts.
- 4 The introduction of any major program of organizational change requires the involvement of both internal and external change agents.
- 5 The internal change agent, the external change agent, and at least a few influential managers in the municipality should be fully aware of the various alternatives for management improvement.
- 6 The program of organizational change must be designed by the above individuals to meet the specific needs of the municipality and the managers within that municipality.
- 7 One aspect of the change must be concerned with the provision of a common direction for management efforts within the municipality. The degree of integration necessary will depend upon the amount of co-ordination and co-operation required between departments, and between smaller units within the departments.
- 8 In order that the change process can be adapted to meet the needs identified at each succeeding administrative level, problem identification must take place at each level in the administration before the individual managers at each level initiate changes.

1 These ten major areas of development are described in detail in *Developments in the Management of Local Government*, a publication of the Local Government Management Project. This publication can be obtained by using the *Publication Order Form* on the last page of this document. See also paper 3 in this book.

2 For instance see: Richard Beckhard, *Organizational Development; Strategies and Models*, Reading, Massachusetts: Addison-Wesley Publishing Company, 1969, page 97.

Problem identification should also form the basis for council involvement.

- 9 Managers should introduce changes within their jurisdictions gradually, almost experimentally. Solutions to problems should be carefully developed, with a high degree of involvement by all who might be affected. Solutions should be tested for acceptability before they are adopted completely.
- 10 Managers at each level must be able to perceive, and eventually to confirm, clear advantages to their own operation and/or to the operation of the organization, from their involvement in the process.
- 11 Systematic methods must be evolved to enable internal change agents and managers to carry on the process without outside help. Problem identification and problem-solving must become a way of life. Both the external and internal influences upon organizations are continuously changing and the organization must evolve as an adaptive system.

The following discussion enlarges upon each of the above requirements and in most instances contains a brief summary of relevant LGMP references and experiences.

- 1 *There must be some internal or external pressure upon the executive (council) or top administrative levels to make improvements in their operation. As well, they must be purposefully searching for solutions.*

This category has several facets when applied to the municipal setting. External pressure can be considered in two senses. The first is the pressure exerted by the public or senior levels of government on elected officials to improve the efficiency and effectiveness of the delivery of local government services. The second type of pressure is that exerted by the executive on members of the administration. Combined with these factors is the desire of the professional municipal administrators to be associated with an operation that uses the latest techniques and technology and which provides them opportunities to improve their own management capability wherever possible.

The LGMP experience has confirmed that interest and enthusiasm for management improvement is needed from both elected officials and top administrators. This experience also indicates that it is imperative that councillors become knowledgeable about the process and become involved as soon as practicable. Municipal administrators look to council for direction in both a formal and informal sense. There is no doubt that the involvement and interest of elected officials increases the priority of the program in the eyes of the administration. Many administrators in the Project Municipalities seemed to base their own involvement on the apparent interest of council in the process.

Examples of external pressure in Project Municipalities existed in both the Regional Municipality of Niagara and in the City of Ottawa. A Provincially sponsored examination of the viability of the Region of Niagara was commissioned while the LGMP was in progress.

This played a definite role in increasing the interest of many administrators in management improvement, although some others had solidly backed the Project before the commission was appointed.

The City of Ottawa was under pressure by special interest groups. Both council and administration hoped that the LGMP could help them to find some way of coping with the conflicting and sometimes narrowly focused demands of those groups.

The motive for the involvement of the City of London in the Project, on the other hand, was at least partially, the desire of certain members of the Board of Control for corporate goals and objectives. Unfortunately, when the Board of Control was briefed regarding the Project Principal's feelings that top administrators should be thoroughly familiar with goals and objectives before corporate goal setting was attempted, the Board of Control's enthusiasm waned to some extent. Implementation within the administration lagged and the Council's needs were not met within the life span of the LGMP.

- 2 *The change must be introduced at the top administrative level and must have both the backing and active involvement of most (if not all) of the top administrators.*

Municipal councils, particularly in large municipalities, are highly dependent upon the advice, management knowledge, and capability of their top administrators. Administrators also provide the continuity for long-term municipal programs which is not possible at the council level.

Only with the top administrators working together and receiving advice from subordinate managers can management problem areas in a municipality be adequately defined. Once problems have been identified, it is the senior administration which is able to influence junior managers to institute the necessary changes.

Thus a program involving major changes must be initiated at the top administrative level if there is to be any chance of its success. As well, all top administrators must support the program. If some do not, mutual support services will not be revised and improved and problem-solving efforts involving more general municipal problems will have very limited effectiveness.

In the City of Ottawa, the LGMP was involved with only three of the six City departments. The three participating departments soon found that they could make only marginal gains in management improvement without the involvement of support departments and council. This resulted in a good deal of frustration. A number of major problems in co-ordination were apparent at the inter-departmental level resulting in confusion and misunderstanding at the interface between council and administration. Attempts by the Mayor to solve problems of co-ordination, co-operation and communication through the dismissal of individual managers and through restructuring led to further fear, distrust, confusion and frustration on the part of senior managers. Until some incentives are developed for joint adminis-

trative problem-solving the situation appears unlikely to improve.

- 3 *If the executive level is hurting, the intervention must be translated to meet their needs as soon as the top administrators are secure with the necessary new concepts.*

As mentioned above, knowledge of new managerial processes and procedures at the top administrative level in large municipalities is a necessity before changes are introduced at the council level, that is unless the change involves reorganization of the elected body or changes in the electoral process. Knowledgeable senior administrators can provide continuity and can aid council in dealing with new management concepts. If some change is desired at the council level or at the council/administration interface, however, it is very important that councillors become involved in decisions regarding the intervention and in implementing the changes themselves as soon as it is practicable.

In both Ottawa and London, councillors saw a need for corporate management. In Ottawa only half of the top administration were involved and knowledgeable about the Project and progress with Council was adversely affected, as mentioned above. In London, the demands of Board of Control could not be met rapidly enough due to a massive reorganization of the city administration. Thus support for the LGMP wavered at the council level. In neither case was the LGMP able to meet the needs of council rapidly enough and the Project's effectiveness suffered as a result.

- 4 *The introduction of any major program of organizational change requires the involvement of both internal and external change agents.*

No matter how devoted a senior manager is to the aims of a change process or how good his intentions of supporting and participating in its activities, he will probably be so involved with the intricacies of his own job that the change process suffers.

An internal change agent is necessary to provide continuity, to keep reminding managers to use the new processes, to provide them with much needed support as they incorporate the new activities, and to integrate and co-ordinate where necessary. The internal change agent should report to the most influential administrator in the municipality. (The chief administrator if there is one.)

For a program involving major changes to be successful, it is also necessary to have an outside advisor to provide training and advice and to assist with conflict resolution in order to facilitate the change. An outside party will be credited with greater objectivity by members of the organization. Any attempt by an individual from one particular department to 'spearhead' the process will undoubtedly meet with resistance or hostility from other departments.

In addition to the external consultant role of the Queen's Team, the LGMP utilized an internal 'Project Leader' who worked in conjunction with Queen's staff. Three out of the four Project Leaders were members of

particular departments and had some difficulty convincing managers that their Project activities were meant to benefit all departments and the municipality as a whole. The Queen's staff were able to help the internal consultant to establish his identity as an unbiased internal trainer and consultant.

Another advantage of the 'third party' status of the Queen's Team was the broader perspective they were able to contribute because they were less involved with the situation in each municipality. While it was up to the Project Leader to identify the specific needs of managers in each municipality, the Queen's Team was better able to recognize biases on the part of individual managers and to respond with a problem-solving approach. This meant that broader issues confronting managers at each level were identified, analyzed and responded to, in a group setting. With Project staff acting as moderators, critical comments were channelled in such a way that managers were able to react positively and objectively. It is extremely doubtful that a moderator from within the municipality would have been regarded with the necessary detachment and consequently discussion would not have been as frank or meaningful.

- 5 *The internal change agent, the external change agent, and at least a few influential managers in the municipality should be fully aware of the various alternatives for management improvement.*

Various managers in each municipality may feel that they know of methods of management improvement which appear to be better suited to their needs than the type of change being initiated. Unless the initiators are able to answer questions and adapt the intervention effectively to satisfy such managers, their co-operation may be hard to obtain.

Any major management change impacts upon managers and an organization in many different ways. It is very important that the change agents are aware of the full implication of the intervention that they are introducing.³ The internal and external advisors should be aware of spin-off effects that may result from any management change and of the strong similarities between the impacts of different types of organizational change. The objectives of a program of management improvement may be achieved through a number of alternative techniques. The initiator of a change program should be aware of the various options open to him in order that managers may choose the most viable intervention alternative.

Previous initiatives in management improvement were discussed during the LGMP orientation workshops. City officials were given an opportunity to make suggestions regarding the most suitable approach to organizational change for their particular situation.

- 6 *The program of organizational change must be designed by the above individuals to meet the specific*

3 This is discussed in more detail in the Phase II documentation, in press, and the LGMP paper, *Organizational Change in Local Government*, which is in draft form.

This requirement is important for three major reasons.

- a Each municipality has somewhat different problem areas, therefore an intervention must be designed to meet the needs of the managers involved. This means either satisfying the perceived needs of managers or changing their perceptions to accord with the potential of an available management improvement program. For example, London Council and administrators expressed an interest in programmed budgeting and the LGMP process was adapted to some extent, in an attempt to meet that need. At the same time Council was urged to delay the development of corporate goals and objectives until administrators were more familiar with the goal and objective setting process. Eventually London's Chief Administrator and the internal Project Director developed a comprehensive approach to management change to meet the specific needs of Council.
 - b A successful intervention requires the involvement and support of all managers at each step. Involving them in the design of the intervention and in suggesting techniques for management improvement is probably the best way to confirm that they are in agreement with the approach and to obtain their support. In Ottawa, all top managers were not involved and support services could not be improved as a result. Thus participating managers were eventually frustrated in their efforts. In other cities, wherever a manager did not become actively involved, other managers within his area of responsibility were usually hesitant to become involved in the process.
 - c The introduction of any new process of management involves some additional effort at the outset. It eventually should assist managers to do their jobs more effectively, but may be time consuming and frustrating at first. Thus, it is very important that top managers understand and become involved in planning the process. The LGMP staff found that some department heads were not prepared to make the required initial effort or to encourage the efforts of their staff. Thus the Project either lagged or was a complete failure in those departments.
- 7 *One aspect of the change must be concerned with the provision of a common direction for management efforts within the municipality. The degree of integration necessary will depend upon the amount of co-ordination and co-operation required between departments, and between smaller units within departments.*

The LGMP staff are fully convinced that any effective program of change must have definitive goals and objectives of its own. In addition, since the program affects many managers within the municipality it is necessary that their inputs to the process are integrated and inter-related where necessary. If each department does not develop the necessary inter-related objectives and programs, the chances for the success of the overall program

are very limited. Experiences during the LGMP have convinced the staff involved that the development of clear and inter-related goals and objectives by managers at all levels is fundamental to successful management in complex areas — particularly where co-ordinated processes and procedures are required.

Thus, under the LGMP framework, a co-ordinated senior management team was considered to be very important. Success in joint problem identification and decision-making at the senior management level was dependent upon the development of trust, openness and co-operation between senior managers. Co-operation and trust among upper level managers were likely to gravitate to lower levels of management.

Within the LGMP approach, each senior manager was expected to work with the managers reporting directly to him to identify problems and design solutions to them. This type of interaction demands open lines of vertical communication as well as a commitment on the part of both the senior and junior managers to arrive at joint decisions. The resulting openness encourages junior managers to design systems to improve the functioning of the organization at their level.

Besides developing mutual co-operation, co-ordination and communication it is also important that senior managers are open to advice and counsel from the outside agent. The experience of the LGMP would indicate that many middle and lower line managers have innovative ideas for improving the operation of the municipality but feel that their superiors would not give a fair hearing to their suggestions. Soon after the change process began the external and internal change agents began to receive information and suggestions from all quarters of the organization. These suggestions were made by the middle and lower line managers in the hope that those co-ordinating the LGMP process would be able to pass on their suggestions to top management and could exert some influence at that level.

One of the most important functions of the internal or external change agents is to promote suggestions by lower level managers in the initial stages, until both upper and middle level managers begin to see some pay-off from such ideas. The change agents must, therefore, have access to the top managers and be able to deal with them in a frank and honest way. This is also true when the implementation of improvements which the change agents suggest is involved. If top management is unwilling to listen, or regards attempts to make suggestions as a challenge to their authority, then the change process will be severely limited in its effectiveness. As quickly as possible, the change agents must help to develop ongoing processes of problem identification and problem-solving by senior, middle and junior managers, which will endure without external involvement.

- 8 *In order that the change process can be adapted to meet the needs identified at each succeeding administrative level, problem identification must take place at each level in the administration before the individual managers at each level initiate changes.*

Problem identification should also form the basis for council involvement.

For the reasons already mentioned when discussing the top administrative level, managers at each level should be involved in identifying management improvement needs at their organizational level. Junior managers are able to identify many of the real management weaknesses at their working level and are far more likely to be committed to an improvement process if they have been involved in identifying the problems and the setting of problem-solving objectives.

If top management recognition and definition of problem areas is inaccurate or incomplete, as the LGMP found was frequently the case, middle and lower level managers will not be committed to the solutions recommended. In a number of cases, lower level managers defined major problems of which upper level managers were not aware. In such cases, the lower level managers should be involved in the generation of solutions, whenever possible. Here the lower level managers can apply expertise which can aid in gaining their commitment to a solution.

When councils become involved in management change programs councillors also should identify the weaknesses they perceive in the system of management and propose solutions. This type of problem identification provides a basis for communication between councillors. Councillors had considerable and valuable input to the agenda for the administration/council workshops held in Ottawa and St. Catharines.

9 *Managers should introduce changes within their jurisdictions gradually, almost experimentally. Solutions to problems should be carefully developed, with a high degree of involvement by all who might be affected. Solutions should be tested for acceptability before they are adopted completely.*

An all-inclusive management improvement process such as the LGMP has many facets. The LGMP has dealt with the restructuring of municipal departments, the development of personnel appraisal systems, the functioning of the budgetary system as well as inter and intra-departmental problem-solving and other aspects of organizational change. The primary intervention technique was the setting of goals and objectives by various managerial levels and groups. However, this common thrust was only continued in each of the four Project Municipalities until such time as the pressing needs of the organization and individuals were revealed. After that, a specific program was designed to deal with the various expressed needs of the municipalities, working under the framework of the goal and objective setting system.

It was important to recognize that each organizational unit had different problems and interests. For a program such as the LGMP to be successful it must involve a degree of innovation and experimentation if significant things are to happen. What must be resisted is the idea that because a certain function or job has been done in a set pattern for any length of time, a new or perhaps unconventional way of accomplishing the activity can-

not be found. On the other hand, forcing solutions upon resisting managers can have negative effects upon a management improvement program. Strong top management support is one of the prerequisites for innovation to take place. The whole exercise will prove dysfunctional to the employees involved if new ideas generated from middle and lower line managers are never seriously considered by top management or if top management tries to superimpose unacceptable solutions.

It was also necessary to note that new techniques developed in one department may or may not be applicable to other departments, or to the municipality as a whole. This is another reason why it was vitally important, in the early part of the process, to establish inter-departmental communication as well as a free flow of information between managerial levels.

10 *Managers at each level must be able to perceive, and eventually to confirm, clear advantages to their own operation and/or to the operation of the organization, from their involvement in the process.*

Top managers and change agents must realize that managers at all levels must be confident of pay-off from a change program before they will give it full support. Of course, middle and junior managers will overtly support most programs desired by senior managers. They will not, however, contribute to the program in an optimal way unless they are truly confident that the program can be effective in improving management.

In each of the four Project Municipalities the process started at the senior management level and worked down. The initial support and enthusiasm of those senior people allowed the Project to approach the middle management level in a fairly short time. Even though the initial response of some managers was less than favourable, it was the exception when an individual's doubts about the LGMP persisted after the process was underway and working toward the solution of various long standing problems.

Even though the process was usually initiated by senior management, in many cases the support and enthusiasm of lower level managers convinced a senior official that the process was worthwhile and appreciated. As the process became better established, managers at the same level in different departments began to compare what they were doing and to offer helpful and mutually advantageous suggestions.

It is important that change activities in a municipality have a central focus. As the processes gain momentum and have positive effects in various parts of the organization, they will become the focus of discussion in both formal and informal settings. At this time the focus of the change process really switches from the internal and external advisors to the various managers who are becoming skilled in the necessary techniques. At this point, the advisors merely act as resource people, contributing when asked and keeping track of the overall progress.

One way to ensure rapid pay-off to managers at each level is to involve them in problem identification. As

long as upper level management is prepared to react to the problems thus identified, pay-offs should result in short order.

- 11 *Systematic methods must be evolved to enable internal change agents and managers to carry on the process without outside help. Problem identification and problem-solving must become a way of life. Both the external and internal influences upon organizations are continuously changing and the organization must evolve as an adaptive system.*

There is probably an ongoing role for a co-ordinator of management and organizational development within any large municipality. His main role would probably be to encourage and assist ongoing problem identification at various levels in the organizations and between departments or other organizational units in cases where support services are involved.

New problems continuously develop in organizations and requirements for new forms of organizational change emerge accordingly. The need for change and evolution in organizations is probably endemic, both to satisfy the needs of the organization itself and the people who supply its major resource.

The City of London has developed a co-ordinator role for management and organizational development around their Project Leader position. He is responsible for co-ordinating the activities of administrative task groups which are dealing with special management

problems. He also is responsible for co-ordinating the input of external management consultants and for the evolution of management development programs.

Summary

The forgoing eleven categories represent some major requirements for successful organizational change as perceived by the LGMP staff. Effective guided change is not easy to implement but attention to the suggestions contained in this paper should be helpful. In particular, the involvement of those who will be implementing the changes is important and the characteristics of the program itself may depend upon their decisions.

The question of management skill and the ability of managers to undertake some of the roles and to apply some of the techniques suggested in this book are not discussed in this paper. The development of these skills is also an important aspect of a successful program of organizational change and could be considered as a requirement. Paper 6 discusses some management training programs which might be helpful and this subject is also discussed in the concluding section of this book.

Introduction

In the last decade, local government management has become a topic of prime concern to politicians, researchers, citizens and, of course, the managers themselves. The demand for more and better services, the uncontrolled growth of cities, the fiscal problems, and, in the United States, the decay of inner cities and the accompanying social unrest, has prompted a great deal of debate and research, and has resulted in some stop-gap measures. Along with these concerns has come the development of a great number of new approaches (and some old ones in new clothing) to the management of local government.

These new approaches have varied greatly in scope and are diverse in nature. Some individuals have suggested that program budgeting, corporate planning or behavioural training can alone supply the answer to any number of local government problems. Others suggest that systems analysis and the application of various quantitative techniques can significantly improve the decision-making process. Both elected representatives and appointed officials have recently been presented with a vast array of new systems, techniques, management methods, budgetary processes, and planning schemes from which to choose.

Before beginning the implementation phase of the Project the LGMP staff embarked upon a study of the management of local government, focusing on these recent developments. From the many different approaches ten categories of development were identified:

- 1 goal setting;
- 2 performance measurement;
- 3 management information systems;
- 4 systems analysis;
- 5 financial resource management;
- 6 organizational development and human resource management;
- 7 labour relations;
- 8 restructuring and reorganization;
- 9 community date base;
- 10 the planning process.

One finding of this study was that while advocates of one particular system or management technique were often unaware of other innovative systems or processes,

all of these developments seemed to have the same desired outcome; to improve the efficiency of local government in terms of more and better services per tax dollar, and to increase its effectiveness in terms of greater responsiveness to the needs and wants of its citizens.

It is important in any change program in a local government setting to be aware, not only of the strengths and weaknesses of each of these approaches, but also of their underlying impacts and critical inter-relationships. Failure to understand the inter-relationships and inter-dependencies among the various management areas has led to difficulties in a number of local government change programs. These include the use of change programs to create a good public image without making any real change in management or service delivery, the development of employee mistrust of what they perceive to be another disruptive and unproductive fad, and the benefits of one program being cancelled out by another program working at cross purposes to the first. The tendency to leap from one program to another without a full awareness of the relationship between them is thus a dangerous one which can only be countered by thorough management education.

This paper is, therefore, directed at examining each of the ten categories of management and organizational development, and tracing their relationship to, and impact on each other. Its main purpose is for use as a background reference for municipal managers and for later papers on specific topics such as budgeting or performance evaluation. Thus, although each area will not be discussed in detail, some of the confusion surrounding what the 'labels' mean and what they can offer is clarified and managers will be able to see where the LGMP approach fits into the overall picture of management development.

Managers are urged to read this paper through as a whole, giving particular attention to gaining a better awareness of the general ideas in all development areas. By doing so they can better appreciate the importance of avoiding a narrow concentration on single techniques and innovations. They will also be in a better position to incorporate useful ideas from each to make their own management improvement programs more comprehensive and fruitful.

1 Goal Setting

Municipal goal setting is a process whereby broad goals, usually accompanied by sub-goals and/or objec-

tives, are established in a number of areas of importance to the municipality.

Municipal goal setting programs became popular in the mid-sixties. There were three basic types of program:

- a broad direction for the municipality;
- b direct input to the official plan; and
- c innovative internal management techniques.

Broad municipal direction programs are sometimes initiated by council or administration, but just as often by other public-minded groups. The purpose is to help the municipality to gain a measure of control over its future rather than developing haphazardly. To do this, participation is often sought from large numbers of citizens in setting goals in areas of importance to the municipality (e.g. transportation, health, education, public safety, recreation). It is important to note that this type of program is independent of the official planning process.

In a typical program, research determines the current state of each goal area, a select group of citizens then produces a preliminary set of goals. These goals are taken to the citizens at large for refinement, plans are made to accomplish the goals, responsibility for the various steps is allocated to various agencies and organizations and, in some cases, a permanent organization is established to ensure that the plans are carried out.

Programs of this type have varied considerably in size and duration but some have been remarkably successful. The program *Goals for Dallas*, for example, had participation from more than 100,000 people to date and in 1976 celebrated eleven years of existence with the initiation of yet another major citizen participation campaign to revise and update its goals.

A second type of program involves direct *input to the official plan*. Such plans, of necessity, embody the goals and objectives of the community. A number of municipalities have organized programs to enable the public to have a say in determining these goals and objectives.

Goals programs to modify, update or establish the official plan are almost always initiated by council, and again, vary greatly in terms of scope and energy expended. One problem here is that there is the danger that this type of effort will be used as a public relations gimmick by council and will not constitute a sincere attempt to elicit and give effect to the desires of the public.

Goal setting programs of these first two types have helped in many cases to improve citizen awareness and pride in the community and to generate better communication between citizens and the decision-makers in the community, government and otherwise. Frequently these programs have resulted in tangible changes such as new parks, and improved water and air pollution control systems.

A third category embraces all *innovative internal management techniques and processes* such as organiza-

tional development, program budgeting, corporate planning and management by objectives, in which goal setting plays an important part.

This type of program is quite different from those in the first two categories in that they are always made without formal citizen participation and are directly concerned with improving the internal management of the local government. For the most part, these programs are embodied in other development areas, and are described in more detail under the relevant headings.

2 Performance Measurement

It is a widely held belief that if municipalities are to provide services in the most efficient and effective manner then objectives must be set and some means of measuring progress towards those objectives must be found. Certainly this is a difficult task because in many cases the outputs of a local government do not lend themselves to easy quantification. A great deal of attention in recent years has been devoted to improving the performance measurement capabilities of local government and considerable progress has been made in some areas.

Performance measures currently in use in local government may be divided into five categories. In order of increasing sophistication, they are as follows.

- a *Workload Indicators* — process oriented measures which focus on output over a period of time without regard for the cost or value of the output, e.g. yards of street paved per month, tons of solid waste removed per year, welfare cases processed per day.
- b *Efficiency Indicators* — which determine how economically resources (inputs) are converted into services or results (outputs), again without concern for the value of the output, e.g. cost per yard of street paved, tons of solid waste removed per man hour.
- c *Effectiveness Indicators* — results oriented measures focusing on how well a goal or objective is being accomplished, without particular regard for cost. They assess the quality of services being delivered to the public, e.g. percent of crimes solved, response time to fire calls, the number of participants in a given recreation program. Effectiveness can include efficiency indicators when cost effectiveness is established as a particular objective.
- d *Effectiveness by Inspection* — a fourth type of measure which is currently being experimented with within several municipalities is a special type of effectiveness indicator which involves subjective evaluation either by a civic employee or through surveys of random samples of citizens. For example, in addition to measuring how much garbage is being picked up at what cost, a municipality might want to know how well the goal of providing clean streets is being accomplished. A specially trained inspector could spend part of his time evaluating the cleanliness of randomly chosen streets in each neighbourhood on a scale from 'very clean' to 'very littered'. This measure, plotted over time would give council and ad-

ministration a better idea of their performance in their effort to provide clean streets. The inspector might also measure the quality of road surfaces using some scale such as a 'bumpiness' index, and evaluate traffic congestion by measuring the time required and delays encountered in travelling between various points in the municipality.

- e *Citizen Surveys* — using random sampling, allow the local government to measure public expectations and desires for services against actual performance. These surveys are generally conducted annually or semi-annually and concentrate on citizens' perceptions and experiences with individual public services.

Performance measurement in local government is closely linked to several of the other management development areas. To be useful, performance indicators must be incorporated into the information system so that decision-makers receive the information while it is still relevant. Often, both administrators and elected representatives must be trained in how to use the information to assist them in the management of the resources of the municipality.

Performance measurement is also strongly linked in most cases to financial resource management, in that it seeks to foster a more rational allocation of resources based on information describing the efficiency and effectiveness of current programs. Measurement is an essential component of both program and performance budgeting.

Finally, performance measurement has played a major role in some of the recent advances in the field of municipal labour relations, particularly those attempts to tie compensation to improvements in performance.

The measurement of performance in local government is increasing in importance and will continue to do so. The trend will be away from simple workload indicators toward more complex measures of efficiency and effectiveness.

3 Management Information Systems

Effective decision-making at both the elected and appointed levels in municipalities requires timely, reliable and appropriate information. Elected representatives need information about community priorities, public perceptions, political implications of decisions, and the human and financial resources available. They also need briefly stated, well selected information from the administration so that they can quickly gain an understanding of administrative proposals and make the broad policy decisions which are required. Administrators, on the other hand, need guidance from council in terms of policies, priorities, and resources available, and ongoing information regarding the status and impact of various programs from the perspective of both council and the public.

Information systems are essentially methods of developing and organizing information so that it reaches the appropriate decision-maker in a recognizable and useful form.

Designing information systems for management includes the development of many different systems which provide managers with the information they need for long-range planning, setting goals and objectives, reviewing performance, and making day-to-day decisions. Some of these systems may be formal, some may be largely informal and some may merely involve an improvement in the personal development, retrieval, and use of information by each manager. As such, the development of needed management information is fundamental to effective management.

Recently, a number of factors have operated to create an urgent need for new and better types of information and information handling at the local government level. Of particular importance have been the rapid physical growth of cities and the increasing service role being assigned to local government. Local government administrators and elected officials have also been subjected to a data explosion. They are flooded with facts and figures, reports and print-outs. Some municipalities seem to have accepted the notion that obtaining more data faster means better information. The fallacy of this belief is becoming clearer, however, and the importance of distinguishing between mere data and information is beginning to be recognized.

The effect of this changing environment is that both the volume and complexity of information available to decision-makers have increased dramatically. The need to systematize management information and the way it is handled has become acute in many municipalities. A great deal of effort has been expended in the last few years in Canada, the United States, and elsewhere, to develop, improve and reassess municipal information systems, resulting in some significant achievements. Although computer capability is not fundamental to the establishment of an information system it is interesting to note that all the publicized attempts to improve management information are computer based.

The development of systematized information is an area of great importance to local government officials. Progress in this field is important for the continuation of improvements in the local government decision-making process. Thus it is essential that both administrators and councillors remain up-to-date on innovations in this area so that they are able to estimate the relevance of the new systems to their municipality.

4 Systems Analysis

The term 'systems analysis', broadly interpreted, could embrace such areas as the planning process and the development of management information systems. For our purposes, however, the narrower definition proposed by the International City Management Association (ICMA) will be used:

... an approach to problem solving that dissects a problem in order to understand its related parts and determine the most workable solution. The process relies heavily on quantification and on the use of sophisticated analytical techniques such as models,

simulation, cost-effectiveness theory, and techniques traditionally associated with operations research.¹

Systems analysis can be of value to local government decision-makers because it identifies the factors significantly affecting a problem and its solution, determines how these factors interact and helps to measure the factors in order to assess their relative importance.

Generally, systems analysis involves eight steps.

- a A problem is recognized and the need for its solution is defined.
- b The statement of need is converted into measurable objectives which identify the actual results to be achieved.
- c The constraints limiting possible alternative solutions are identified.
- d A number of alternatives are generated. These are different courses of action which would achieve the objectives to a lesser or greater extent.
- e Each alternative is analyzed in terms of probable costs and benefits, selection criteria are developed and the optimal alternative is chosen.
- f The chosen alternative is developed into a plan of action and implemented on a pilot basis.
- g The results of pilot implementation are evaluated in terms of effectiveness in reaching the objectives.
- h The evaluation report is fed back to the decision-maker who may make modifications to the plan or decide to implement it on a wider basis.

Since the mid-sixties, the use of systems analysis techniques by local governments has increased rapidly. They have become an accepted and integral part of the decision-making process in many places. A number of larger municipalities have institutionalized systems analysis; the Greater London Council has an Operations Research Division, while New York City works with the New York City-Rand Institute, a non-profit organization dedicated to applying analysis to urban problems. A number of institutions have also been instrumental in expanding the bounds of systems analysis applications to local government. Among them are the Operations Research Centre at Massachusetts Institute of Technology in the United States and, in Great Britain, the Institute of Local Government of the University of Birmingham, and the Institute for Operational Research of the Tavistock Institute.²

Some of the decision-making models that have been applied to tactical local government problems include the following.

- a *Network Analysis* — includes critical path analysis or PERT, used primarily to schedule major construction work.
- b *Stock Control* — to determine optimal order quantities, order cycles, and buffer stocks.
- c *Replacement Analysis* — to determine the most economical time to replace capital equipment, especially vehicles.
- d *Scheduling and Routing* — to determine such things as crew schedules, bus schedules and optimal bus, ambulance and fire truck routes.
- e *Facility Location* — to determine the optimal location of depots, administrative offices, police stations and fire halls.

Local governments are also using models in strategic decision-making and planning areas. Those in use range from simple, single-variable models which forecast population, housing demand or employment, to complex, interactive models which can evaluate alternative transportation, facility location, housing, or urban and regional development policies.

Inputs for systems analysis come primarily from the management information system, the performance measurement system, and the community data base. Thus it is important that information systems be developed to the extent that the information needed for analysis be available, relevant and accurate.

The outputs of systems analysis techniques are generally inputs to other processes. In particular, many of these techniques provide information relevant to problems dealing with the allocation of financial resources among competing alternatives. Other applications of a strategic nature link systems analysis with the planning process.

The major limitations of such techniques are not technical but result from the difficulty of bringing technology and users together. Systems analysis techniques are important to local government, however, and this importance is growing. In the past, their use has resulted in large cost savings while improving efficiency and effectiveness. For this reason, the trend will continue. Every year more and more local governments will put the techniques of systems analysis to greater and more innovative use.

5 Financial Resource Management

Financial resource management is one of the most pervasive of all local government processes, affecting policy making at all levels. It includes such aspects as the management of the municipality's revenue and debt, the planning and budgetary processes, the accounting function, purchasing and contracting, the establishment of financial controls, and in some cases the internal audit and computing functions.

Traditional local government budgeting systems have been incremental and input-oriented. They have focused on how much is to be spent but have never specified exactly what the government was trying to accomplish and what the taxpayer was receiving for his money.

1 International City Management Association, *Applying Systems Analysis in Urban Government: Three Case Studies*, report prepared for the Department of Housing and Urban Development, (Washington, D.C.: International City Management Association, March 1972), p. 1.

2 Tavistock has been concentrating on overcoming the weaknesses of the 8-point linear process of problem-solving, described above, through the development of a cyclical problem stating and solving process. See *Concepts & Methods of Strategic Choice: Reference*, A. Hickling, I.O.R., Tavistock Institute, London, England, June, 1973.

Major local government budgetary reforms have generally attempted to improve decision-making and enhance accountability by means of a more rational budgeting process. They focus on the desired results of local government programs through the setting of clear objectives in each major area of activity, consideration of alternative ways to reach these objectives, analysis of alternatives, selection of the optimal course of action, measurement of the results, and comparison to objectives.

The most important innovations in the field of local government budgeting over the last decade and a half have involved planning-programming-budgeting (PPB) systems and related simplified and modified systems such as 'program budgeting'.

The Greater London Council has described the PPB system as follows:

Planning — assessing the community needs, setting courses of action in relation to the objectives they service and presenting them in a performance and resource use plan over a period of years;

Budgeting — translating planning and programming decisions into specific financial plans for a relatively short period of time (one year); and

System — integrating, checking and reviewing all planning, programming and budgeting decisions within a consistent framework of general management.³

Some of the major components of a PPB system are:

- a a program structure not necessarily based on departmental divisions but on the fundamental goals of the local government as set by council, and, therefore, frequently cutting across departmental lines. A typical structure would be that of Charlotte, North Carolina's 1975 budget, composed of six program categories — community development, environmental health and protection, protection of person and property, transportation, leisure time opportunities, and policy formulation and administration;
- b a multi-year program and financial plan showing cost estimates and predicted outputs for each element of each program;
- c program analysis which systematically identifies alternative means to achieve the goals and objectives of the local government and analyzes the costs and benefits of each; and
- d a procedure to enable decision-makers to revise and update resource allocation decisions.

The focus of PPB systems has been primarily on the operating budget. Some of the PPB concepts, such as cost/benefit analysis, are applicable to the capital budgeting process as well, and a number of municipalities have had success in this area.

Financial resource management is linked particularly strongly with several other areas of development. A major characteristic of most recent local government budgetary reforms including PPB has been the attempt

to strengthen the link between budgeting and planning. The rational approach to budgeting involves goal setting by council and administrators, the development of performance measures and the use of the tools of systems analysis to evaluate alternative programs. Finally, an integrated management information system is essential to the success of PPB or any other planning and results-oriented budgeting system.

6 Organizational Development and Human Resource Management

This area of development encompasses attempts to improve the efficiency and effectiveness of local government by working with the people in the organization. Included in this area is a growing range of programs and activities which may be categorized as either organizational development (OD) or human resource management.

The focus of OD has been on change processes in the context of the whole organization, while the focus of human resource management has been on the individual. Recently, with the greater acceptance of the notion of a systematic, integrated approach to the management of change, the split between organizational development and management development has become less pronounced. Notwithstanding this, however, they will be discussed separately.

There are a number of different OD programs in use. These programs differ from one another in varying degrees. However, the majority of OD programs have most if not all of the following characteristics.

- a It is a planned change effort involving the whole system.
- b It is managed from the top by people committed to the process.
- c It has traditionally been regarded as consisting of three stages:
 - i *unfreezing* — stimulating recognition of the need to change;
 - ii *changing* — introducing and applying new methods and guidelines;
 - iii *refreezing* — providing the necessary reinforcement for the development of the new management system and stabilization of the organization.
- d It achieves its goals through planned intervention using behavioural science techniques to concentrate on attitudes, behaviour, values, relationships, resolution of conflicts and organization culture.
- e Much of the effort is directed toward developing work groups or teams and toward improving interaction between individuals.
- f It is a long-term process taking from two to six or more years.
- g Change agents from outside the organization usually help to organize and initiate the process, working

3 PPBS: *Some Questions and their Answers on the Greater London Council's Planning-Programming-Budgeting System*. The Greater London Council, London, England, 1972, p. 8.

with designated resource people inside the organization.

- h Participants set goals and objectives for their own work groups and eventually for the whole organization.

Until recently, only a few attempts had been made at initiating OD programs in the public sector and even fewer at the local government level. Lately, however, a number of municipal governments have turned to OD either alone or in conjunction with other innovative practices. These local governments feel the need to improve their organizational effectiveness and see OD as one way to do it.

One organization that has promoted the advancement of this field in the local government sector is the Tavistock Institute in London, England. Another is the National Training and Development Center for State and Local Government (NTDS) in Washington, D.C., the stated goal of which is to improve the effectiveness of state and local agencies through on-going training and development, concentrating on a change process called 'action training and research'. The NTDS has been active in promoting quasi-OD programs in a number of small to medium sized municipalities in the United States.

Full scale municipal OD programs are currently underway in a number of municipalities. One important project of this nature is SIGN, the Suburban Intergovernmental Network for Management Development, which involves five suburban municipalities in Missouri and is being co-ordinated by the Center for Management Development of the University of Missouri in Kansas City. The City of Thunder Bay, Ontario, was deeply involved in an OD process based upon the Blake-Mouton Managerial Grid for several years in the early seventies.

Management development has the aim of improving the skills, knowledge and hopefully the performance of managers. It can be split into three areas – management education, management training and manager development. Management education seeks to provide functional and background information in both administrative and human resources skills. Management training attempts to provide both practical and interpersonal skills. Manager development includes coaching by the individual's superior and planned efforts to broaden his experience base through such approaches as delegation of responsibilities, job rotation, and multi-departmental projects.

Local government officials, both elected and appointed, are increasingly coming to the realization that their most important assets are their human resources and that the management of these resources is one of their most critical tasks. As more and more municipal officials accept this view, greater efforts will be made to develop more effective local government.

7 Labour Relations

Labour relations is that very important area of interface between the employees of the municipality and its management. It is a field that has moved in the last fifteen

years from a position of relatively minor importance to one of major importance to local government. Because large numbers of employees are unionized in most municipalities and because these unions are now truly beginning to feel their strength in Canada, an understanding of developments in the field of labour relations is important to all local government managers.

In the past decade or so, a number of municipalities have introduced innovations in their dealings with organized employees including:

- a multi-employer bargaining;
- b productivity bargaining; and
- c other innovative incentive systems.

Multi-employer bargaining involves the banding together of employers, in this case municipalities, to deal with unions as a common front. It has been in use for some time in the private sector but is still something of a novelty in the public sector. More and more, however, local governments are discovering advantages in facing union negotiations in concert with other jurisdictions. Toronto had a brief experience with multi-employer bargaining in 1947. More recently, Montreal, Quebec City, Hull and Vancouver have been involved with it in varying degrees. In the United States, the Minneapolis-St. Paul area has considerable experience in this field.

Advantages of multi-employer bargaining have included increased strength, especially when dealing with a large union such as the Canadian Union of Public Employees (CUPE), and expertise at significantly lower cost to each participating municipality than would have been the case had they each attempted to hire equally qualified professionals.

Productivity bargaining involves basing pay increases to municipal employees on improvements in productivity, i.e. outputs per dollar or per man-hour. New York City was the first major city to experiment on a large scale with productivity bargaining, beginning in December, 1970.

The program has been somewhat successful in eliminating a number of productivity-defeating procedures and in scheduling regulated increases in productivity in exchange for pay hikes. In recent years, as the economic situation worsened and layoffs became strong possibilities, the unions have co-operated with management to a greater extent in their efforts to find more efficient systems and methods for municipal operations.

Other local governments have followed New York's example by making productivity an issue at the bargaining table. By giving employees a financial interest in the efficient operation of the local government, they have sought to increase motivation and improve employee performance.

Other innovative incentive systems, currently in use, run the gamut from contests and competitions to performance bonuses, job enlargement and shared savings. Several local governments have been able to tie performance of departments directly to pay increases through

incentive plans. Police in Orange, California, for example, receive pay increases if certain types of crime are reduced below specified levels, while refuse collectors in Flint, Michigan, receive bonuses if they generate savings by improving productivity.

Local governments have been learning to deal more effectively with employee unions. Unions will continue to demand a greater share of the public purse and a greater amount of political power. Municipal officials must be able to deal with these demands in a manner which will not detract from their efforts to meet the needs of other segments of the municipality.

8 Restructuring and Reorganization

There are many instances today where local government is being 'reformed' to be better able to meet the problems which municipalities of all sizes are encountering all over the world. This is certainly one of the major areas of activity in the widespread efforts to improve the efficiency and effectiveness of local government. The local government reform movement has taken two directions — restructuring and reorganization. Some confusion exists over definitions; for the purposes here, however, restructuring refers to structural changes external to the municipality, while reorganization refers to structural changes within the municipal organization.

a *Restructuring*

In the local government context restructuring generally refers to the establishment of either regional government or metropolitan government. The difference between the two is primarily one of geography. Regionalization usually occurs in areas which have substantial rural proportions. Metropolitan governments are formed in areas dominated by a large urban centre surrounded by a number of suburbs and with little or no rural area.

In both of these types of restructuring a new level of government, referred to in Ontario as an 'upper-tier' municipality, takes over a number of major functions, seeking to effect economies of scale. This leaves the 'lower tier' municipalities with somewhat fewer functions.

The aim of local government restructuring is an ambitious, perhaps unrealistic one; to minimize jurisdictional overlapping, excessive 'red tape' and critical fiscal inequities between cities and towns; and to improve the generally fragmented approach to the area-wide problems that characterizes urban growth in Western society. Problems arise, however, because in most cases, restructuring is imposed on local governments by a senior level of government. In many of these cases there has been inadequate consideration of the needs of the citizens, local politicians, and municipal administrators giving rise to resistance to the change and lack of co-operation and commitment.

b *Reorganization*

It is possible to classify reorganization in municipalities into three main types; political, political-administrative interface, and administrative.

There are a number of different kinds of reorganization possible at the political or elected level. These include the initiation or elimination of a board of control, changing the manner in which representatives are elected (by ward or at large), changing the manner in which the mayor is selected and changes in the committee system.

Reorganization at the political-administrative interface deals with the way in which the administration communicates to the elected representatives and vice-versa. Such a reorganization might involve the creation of a structure based on a committee of department heads or involve the appointment of a chief administrative officer, who might operate as a strong city manager or take the less directive role of a city co-ordinator.

Administrative reorganization can also take many forms. Some examples would include the formation of new 'umbrella' departments, the shifting of an organizational unit from one department to another, and the creation of various committees to improve inter-departmental co-operation. Programmed approaches to the management of ongoing municipal problems can result in restructuring to meet the demands of such programs.

There are a number of ways of initiating and carrying out a reorganization in a municipality. Three examples are the use of management consultants, undertaking the change internally, and using special purpose groups.

All too often a change in organizational structure is seen as a solution to a set of complex problems. A revision in structure, if brought about after a careful and thorough examination, can assist in resolving some management problems. However, it is people who make the structure work and any reorganization must take the people into account. Thus, a well conceived reorganization is a blend of the most desirable structure and the individuals who must make it work.

9 Community Data Base

Information is essential to the municipal decision-maker. This includes not only the internally generated information concerning current operations and the performance of the local government, but also information about the community as a whole, its social and economic status, and the trends which are affecting it. Without this second type of information, local government officials work in a partial vacuum, clearly an undesirable situation, particularly in strategic long-range planning.

Thus there is a strong need to have available meaningful, accurate, and reliable statistics which indicate where the community has been, where it is now and where it is likely to be in the future. A well planned community data base can serve the needs of all levels of government and eliminate unnecessary duplication.

There are a number of approaches to obtaining the type of information necessary to the development of a community data base. Three of the most important approaches are economic potential studies, social indicators, and urban information systems.

Economic potential studies present statistics concerning the economic environment of a municipality in the recent past and the present. These figures are then projected ten or fifteen years to provide an indication of the future, assuming that present trends continue. The purpose of such studies is to contribute to rational long-range planning.

There are problems with forecasting the future through trend analysis. It is difficult to be accurate even with population projections, and analysts sometimes tend to be unduly preoccupied with current trends. Also, economic potential studies are expensive and somewhat sophisticated planning tools. Only a few municipalities have them and they are not always put to optimal use. Indeed some municipal officials are not even aware of the availability or potential use of such studies.

Despite these difficulties, when properly used, economic potential studies have been invaluable aids, not only to local government officials concerned with strategic planning, but also to other levels of government and to private individuals who must make important planning decisions based on economic trends.

Social indicators are special statistics which attempt to measure some aspect of human welfare and, in the aggregate, the quality of life. Examples of social indicators to measure the areas of unemployment, poverty, income and housing are:

- a percent of labour force unemployed;
- b percent of individual tax returns with reported incomes less than \$1,000;
- c per capita money income; and
- d average housing expenditures for all families and unattached individuals.

Social indicators have the potential to help local government administrators and councillors in planning and decision-making by giving quantified descriptions of very complex areas. Users, however, must be cautioned that these measures have conceptual as well as data weaknesses. One must not read too much into the data because they are usually relatively crude and in some cases are not comparable between municipalities or over time for various reasons.

A third way in which the municipality may build up a community data base is through the development and use of an urban information system. Several of those in use in Ontario are computer based systems used primarily to provide property tax-related information. A limited number have been designed to handle a wide variety of community based statistics. Such systems have been found to be capable of providing decision-makers with timely, accurate and comprehensive information which otherwise would be available only at great cost in terms of time and energy.

The community data base represents an important and relatively new supplement to the usual information available to local government decision-makers. There is a growing quantity of research being undertaken in this field, particularly in developing social indicators and undertaking economic potential studies, in an attempt to improve the decision-making capabilities of local government administrators and elected officials. Many local governments find the revision of the official plan an appropriate time to begin development of a community data base. Of course, it must be kept up-to-date to retain its usefulness.

When used intelligently and in conjunction with other relevant information, social indicators and economic potential studies have been found to greatly enhance the strategic planning and decision-making process of local government. Certainly, they have their limitations, but both administrators and elected officials continue to give them increasingly important roles to play in the management of local government.

10 The Planning Process

One of the major functions of local government is the planning and control of the physical, social and economic development of the community. The planning process has often been limited in the past to physical growth and zoning by-laws. In recent years, however, a more comprehensive view of planning has become prevalent, resulting in the development of new planning processes and attitudes. While physical or land-use planning has made great technical strides, municipalities in North America and Britain have been developing tools for other aspects of local government such as comprehensive planning, corporate or strategic planning, corporate management and management by objectives.

Comprehensive planning was one of the first attempts to go beyond physical planning. Originally, it sought to broaden the scope of planning by taking into consideration fiscal, economic and political factors. Official plans were developed to integrate the long-range plans of all municipal departments. Comprehensive planning has been described in the following manner.

Comprehensive planning includes the following, to the extent that it is directly related to area needs or needs of a unit of general local government; (1) preparation, as a guide for long-range development, of general physical plans with respect to the patterns and intensity of land use and the provision of public facilities including transportation facilities; (2) programming of capital improvements based on a determination of relative urgency; (3) long-range fiscal plans for implementing such plans and programs; and (4) proposed regulatory and administrative measures which aid in achieving co-ordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental co-ordination of related planning activities among the state and local government agencies concerned.⁴

4 Executive Office of the President, Circular Number A-82, revised December 18, 1967, Bureau of the Budget, Washington, D.C. Reprinted in John Friedmann 'The Future of Comprehensive Urban Planning: A Critique'; *Public Administration Review*, May/June, 1971, p. 315.

Corporate planning is a term used increasingly, particularly in Britain, to denote a process of planning and administration which, it is hoped, will more successfully meet the demands being placed on local government. It may be defined as the process of explicit policy-making based on analysis of needs and resources, for long and short terms; and the administrative and managerial practices necessary to facilitate the implementation of integrated goals and objectives of programs consistent with strategy determined for the city as a whole. A number of methods of improving the council/administration interface have been tested by the LGMP and paper 21 discusses these efforts.

Management by objectives (MBO), like corporate planning and management, is an overall system for managing an organization based on rational planning. MBO has developed primarily in the private sector over the past twenty-five years, but it is being used increasingly by local government. It is a 'results-oriented' philosophy of management, emphasizing accomplishment and results. MBO is also a process by which managers and their superiors formulate clear, concise, objective statements, develop action plans for the attainment of these objectives, systematically monitor and measure performance, and take the required corrective actions to achieve the planned results.

The planning process has important links with every other area of management development. For example, perhaps most significant is the connection between planning and financial resource management. In the broad perspective, each is essential to the other. Indeed, corporate planning and PPB have a number of similarities. Both stress the importance of co-ordinating the operations of the local government through the program approach; both emphasize the setting of broad goals for program areas and the specification of clear, measurable objectives. Program budgeting can be a valuable complement to the corporate planning process.

Because it is a change program, some authorities urge that corporate planning be introduced simultaneously with an organizational development program. The team approach to decision-making is one aspect of corporate management which is also common to organizational development. The corporate approach stresses co-operation and integration in the management of the organization. Skills in team management, interpersonal communication and the balancing of concern for people

and concern for production can therefore be very important to the success of corporate planning.

An effective management information system is indispensable both to the planning process and to effective management. Local government decision-makers must rely heavily on the information they receive about needs, changes in environment and the impact of programs. Performance measurement, systems analysis and community data base studies, can generate such information but the information system must ensure that it reaches those who need it.

Innovations in the field of corporate planning have, until recently, been concentrated in Great Britain. There is now a growing amount of activity in Canada and the United States to modify the planning process into a systematic, comprehensive, and integrative one. In the coming years, local governments will concentrate their efforts increasingly in this area as it is the most all-encompassing of the various approaches to improving the management of local government.

Summary

The major approaches to management improvement in local government are outlined in this paper. Essentially, each of these deals with some portion of the management process and consequently each, in practice, is inseparable from the others. A change in one area of management will almost certainly have some impact on every other. Unfortunately, many of the approaches described here have failed to recognize the basic factor of the organic nature of both the organization, and the process of managing it. As a result, although they may improve some isolated functions, such approaches tend to be unsuccessful in unearthing and solving root causes of management problems, or in making changes that last. Perhaps the best example of this is program budgeting which was a much celebrated innovation in its early days and subsequently lost favour mainly because it was used for 'cosmetic' and political purposes.

Introduction

One of the most important aspects of preparing for a change program is the education and involvement of the managers responsible for its implementation. Since first impressions and initial understanding and opportunity for input are vital to the later development of the program, this paper outlines how an orientation workshop might be set up, some pitfalls to be avoided, and some guidelines for a successful session.

Need for Orientation Workshops

A major organizational change program on the scale of the LGMP has a tremendous effect on a municipality. Because it has such an impact on all aspects of the municipality, both in dollars and time, top administrators and councillors must be involved not only in the approval process, but also in determining the direction of the project. To ensure that it will meet the particular needs of each municipality, the project should begin, therefore, with a meeting of the external consultants, interested council members, all departments heads whose departments are to be involved, the internal project leader or leaders, and any other individuals whose support is necessary to the success of the process. This meeting should first concentrate on thoroughly acquainting everyone who will be involved, with the process, and answering their questions so that these potentially influential managers understand the process and can both reassure and inform other managers. Second, they should be involved in determining how the process should be implemented. Eventually all managers who will use the process should attend an orientation session, but the initial workshops with top level managers are critically important because the shape of the program itself will be partially determined at this time.

The models that will be used for this paper are the orientation seminars that were conducted by the LGMP in the four Project Municipalities. Because these sessions were very similar in nature, only material differences will be noted. As this paper is meant to act as a guide for other municipalities that are planning a process similar to the LGMP, the positive and negative aspects of the LGMP approach will be discussed, as well as ways in which improvements can be incorporated.

Workshop Structure

A typical outline for the 1½ day sessions is listed. It was felt that because of the scope and nature of the LGMP and the number of questions it would raise, it was

necessary for the initial seminar to be longer than a single day. Generally, this requirement was confirmed by the reaction of the managers who attended. The schedule was therefore as follows.

Day One

08:45 - 09:00	Coffee
09:00 - 10:30	Introduction and overview
10:30 - 12:00	Discussion of 'Circle' diagram
12:00 - 13:30	Lunch
13:30 - 17:30	Discussion of municipal case (Ft. Worth or LGMP Municipality)

Day Two

08:45 - 09:00	Coffee
09:00 - 09:30	Introductory workshops
09:30 - 12:00	Questions, answers and discussion of the implementation process

Day One

PRE-WORKSHOP DISCUSSION AND COFFEE

There are a number of reasons for a relaxed discussion before the workshops begin. For many managers, the prospect of a program that involves major changes and, indeed, the workshops themselves, are somewhat frightening. Some fear that the program may identify managerial weaknesses and might threaten their jobs. Others may worry about the 'academic' nature of the Project, since they have been out of school for many years, and fear that they will not be able to understand the concepts being discussed. Discussions with other managers and the trainers who are conducting the workshop can help to alleviate the tension.

It was also found to be advisable to begin late enough in the morning so that managers could go to their offices for half an hour to assign responsibility for any matters that might have arisen overnight. Attendance at the orientation seminar and other early workshops is crucial to the success of the program, however, and managers should be pressured to attend after the initial visit to the office.

INTRODUCTION AND OVERVIEW SESSION

An introductory and overview session formed an important part of all the orientation workshops. The LGMP had been conceived and developed over a period of two years, and included research on all facets of organizational change in municipal government. For this and other reasons, managers had a great number of

41 questions concerning the origin of the Project and its terms of reference.

Another reason for the detailed explanation of the Project was the evident concern by a number of individuals that the LGMP staff was just another group of consultants who would bother them for a few weeks, write a report which might recommend major changes, and then leave. It was necessary, therefore, to alleviate this concern. Through the thorough presentation of background material, the LGMP staff demonstrated their knowledge and tried to initiate a degree of openness and understanding between themselves and the administrators. In spite of these precautions, some managers felt that the Program and its presentation was overly academic. It is very important, therefore, in any subsequent programs, that the external change agents understand municipal management and can express concepts in a language and frame of reference that municipal managers understand.

DISCUSSION OF ATTEMPTS AT MANAGEMENT IMPROVEMENT

During the initial development of the LGMP, the research staff gathered as much information as possible about various innovative management techniques that were being developed and used by various levels of government in Canada, the United States and Europe. These were categorized (e.g. financial resource management, performance measurement, labour relations), until the list contained ten general headings which were incorporated into what was called *The Circle Diagram* (see Fig. 1).

One thing became very clear to the Project staff as this work progressed. Most of the contacts had indicated that they were concentrating on one aspect of municipal management in the hope that, by initiating some innovative techniques in that area, they would be able to significantly increase the efficiency and effectiveness of the overall management of the organization. However, they frequently failed to recognize other impacts of the changes they introduced, which might actually place strain on other parts of the system. They also ignored other worthwhile possibilities for management improvement.

As the LGMP moved through the research stage to the approval and implementation stages, the experiences of other change agents and managers were considered in designing the approach that would be taken in the Project Municipalities. Even though the initial LGMP intervention involved the introduction of goal and objective setting, the Project Principals did not lose sight of the other nine 'circle areas' and tried to integrate improvements in all those aspects of management as the Project developed.

Material on these attempts at management improvement was presented during the initial 1½ hour discussion period. Each circle area was clearly defined so that there would be no ambiguity concerning the terms that LGMP staff would be using. Under each area were listed the governments or institutions that were undertaking innovative work in a field related to the particular circle

area under discussion. As the LGMP library had material on these innovative practices, or the staff at least knew the correct person to contact, participants in the LGMP developed an awareness of the current state of management in the most progressive local governments.

It was perceived as being very important that the potential participants in the LGMP knew what was happening in terms of innovative approaches to management so that they could appreciate the need for an approach which integrated available techniques; and so that they could help to determine which management areas should receive initial attention and major emphasis in their own municipality.

PACE

While the orientation workshops must be kept moving, time for one-to-one discussions and some private thought is important. Thus, long breaks for lunch and coffee are advisable because these periods provide opportunities for managers to discuss aspects of the material they think are relevant, and to formulate questions. The additional time also permits the trainers to discuss particular problem areas which have been identified by workshop participants. In this way the trainers are better able to deal with problem areas and to suggest a process of implementation which will meet the particular needs of that municipality.

DISCUSSION OF FORT WORTH CASE

The afternoon of the first day of LGMP orientation workshops was spent discussing a case describing the goal and objective setting efforts of the City of Fort Worth. Early in the formative stages of the LGMP the Project Principals had visited Fort Worth to document that city's efforts at introducing goals, objectives, and performance measures through a modified program budget format.

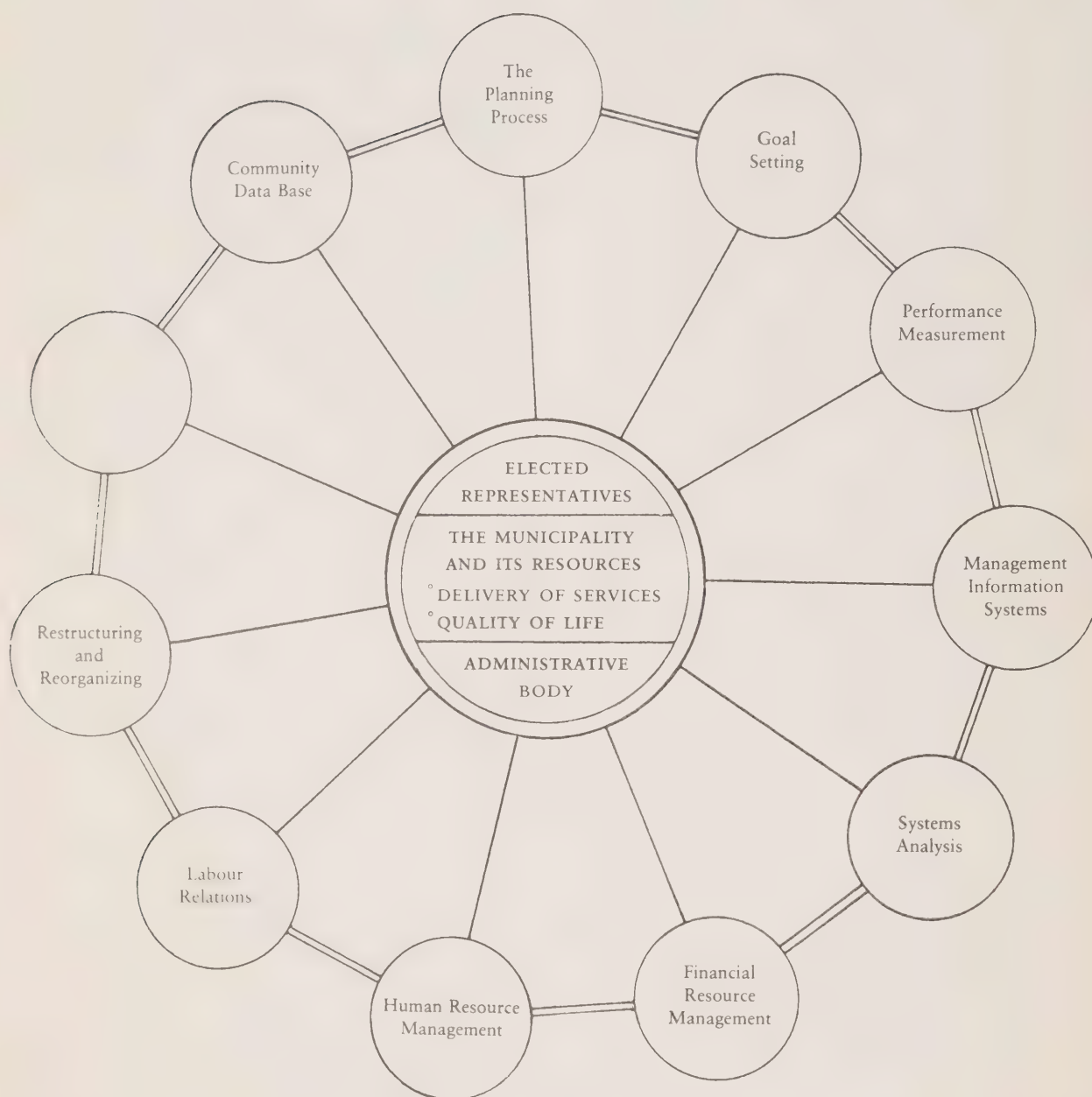
To make the discussion of the case more useful, copies were sent to seminar participants a week before the orientation session was to take place. Answers were to be prepared for questions included with the case. Typically, the following points were to be considered.

- 1 How effective is the Fort Worth method of introducing goal and objective setting?
- 2 Would the same process work in your municipality? If not, how would the process have to change?
- 3 Do you feel that the responses given by managers in the case would be typical of similar managers in your municipality?
- 4 Do you agree with the decision to include council in the process from the outset?
- 5 How would the setting of goals and objectives significantly improve the management of Fort Worth?

The orientation seminar participants were divided into a number of inter-functional groups. After a small group discussion of the case, each group made a presentation based on the above questions. The last few minutes of time on the first seminar day were used by the Project Principals to give their perspective of the Fort Worth process vis-a-vis the proposed project approach.

Figure 1
THE CIRCLE DIAGRAM

Local Government Management Project
framework for describing various developments
in the Management of Local Government



There were several problems with using a case in the introductory session. First, because the case involved the setting of goals and objectives, some managers felt that the case represented the LGMP approach. This was the cause of some concern to certain managers who came to the orientation workshop in a negative frame of mind. In some cases certain managers did not attend orientation workshops and communicated negative feelings to their subordinates or co-workers concerning what they felt were the shortcomings of the LGMP approach based on the case which had been sent to them for pre-reading.

Second, some individuals considered a case study to be too 'academic' in nature. Typically, these managers were pragmatists who wanted to start in on the process immediately or who felt that the Fort Worth experience had nothing to offer the Canadian scene. There was also a minority of managers, usually middle or lower line, who felt inadequate in dealing with case material in general and were hostile, therefore, to the use of any case.

A third cautionary note concerning the use of a case is related to the second point. There are often a number of management problem areas in any municipality which are not known to the external change agent. In at least one of the Project Municipalities concerned managers wanted to discuss these areas and considered the time used to look at the case to be a diversion from the real issues facing the municipality. It was not until the Project Team members realized that many managers were discussing these local and real issues rather than the case, that a change was made in the format of that particular session. As a result, the LGMP Principals came very close to losing the support of the managers upon whom the success of the Project depended.

Having gone through the three years of implementation in the four Project Municipalities and having given numerous orientation sessions at all management levels it is the opinion of the Project Team that a case study, to be useful, must be Canadian based and must be as representative as possible of the process which is to be introduced. Cases could be based on LGMP experiences but should incorporate the lessons learned as outlined in this book and the LGMP documentation. It seems logical that anyone contemplating an approach similar to the LGMP would benefit from cases written about Project Municipalities.

The LGMP was an experimental project in that it was attempting to introduce broad organizational change through a number of different methods. As would be expected, there were some failures and some successes. Cases written about the LGMP would allow others contemplating organizational change to learn from the efforts of this Project. The LGMP documentation (see *Publication Order Form* on last page) should provide the necessary material for such case histories.

Day Two

INTRODUCTORY REMARKS

The experience during LGMP orientation workshops indicates that it would be best if those who are leading

the session take the time to make a few introductory remarks at the outset of the second day. By this time some fairly strong feelings regarding the program should have emerged. These should be addressed by the seminar leaders, especially if there are some misconceptions concerning the proposed program itself. The reaction during this discussion should be informative for the workshop leaders and should help to determine what the group does for the remainder of the session. Day two, therefore, must be flexible and allow for some adjustment and reaction to the feelings of the participants.

QUESTION AND ANSWER PERIOD OR INTRODUCTION TO GOAL AND OBJECTIVE SETTING

Introductory workshops conducted by LGMP staff have used either of two formats during the third half-day. In some situations it appeared wise to use the final 2½ hours in answering questions from the floor. This was usually considered the best alternative when there was some strong opposition to the process in general or some aspect of it in particular. One cautionary note on this approach should be mentioned, however. Significant opposition may be offered from some individuals who are really not critical of the concepts or the process but actually fear that it may point them out as poor managers or somehow reduce their influence vis-a-vis the rest of the organization. In this instance, there is very little to be gained by using the time available for answering questions from individuals who really do not want the answers and will not be influenced by them.

In cases such as this, where there seems to be concerted opposition in some quarters, the best that the initiators of organizational change can hope for is that the higher level administrators and/or council will be supportive enough of the process to exert their influence so that those who are sceptical at the outset will at least make the attempt to learn the mechanics of the system. On more than one occasion those who have initially objected quite vociferously to the process, change their minds and become strong supporters once they find that the process is adaptable to their needs.

In many of the orientation workshops conducted by members of the LGMP Project Team, the latter 2½ hours of the third half-day were spent going through an exercise of goal and objective setting. This typically involved an introduction to the concepts, a definition of terms and the explanation of potential benefits. The LGMP staff have a full set of working notes for these situations, in fact, material on goal and objective setting in this book, (papers 9 and 10) can be used for such an overview.

After this general introduction, the seminar participants were divided into groups in order to practice setting goals and objectives for a particular department, division or program. After approximately one hour, their work was presented and then critiqued by other groups and the Project Team.

The purpose of this brief introduction to goal and objective setting was to give the participants a taste of what would be the major thrust of the LGMP for the first

number of months. The danger of this procedure is that the mechanics of the process might be given a far greater amount of importance than the integrative and problem-solving aspects. In a number of cases seminar participants came away with a distorted view of goal and objective setting that took a great deal of effort to overcome.

Summary

Orientation workshops should be given by those who are attempting major organizational change. These are the first introductions to what is, in most cases, a long-term process. Therefore, it is important that the orientation workshops be structured so that the participants become familiar with the broad basis of the process to be introduced.

Looking back over the orientation workshops that the LGMP has sponsored, it is reasonable to say that there have been both successes and failures. There seems to be no clear cut formula for success but there are several guidelines that might be followed.

- 1 An initial orientation session should be attended by high level managers. This gives the process credibility as well as inhibiting those who, for some reason of their own, may want to discourage the introduction of new management techniques.
- 2 The agenda should remain flexible. A process such as the LGMP must be flexible enough to accommodate differing organizations and personalities. Similarly, the orientation workshop must not be kept to a rigid timetable as there may be concerns of special interest that have to be aired and need discussion in order to bring them to a head.
- 3 It is desirable to have the orientation workshop away from City Hall. In this way, the session will not be interrupted by messages and pseudo-crises that could be left until later.
- 4 If a case study is to be used, it should be short, to the point and represent the techniques to be used. Many managers do not have time to read and absorb a paper of academic length.
- 5 There should be follow-up immediately after the session, done both by the internal and external advisors. A successful session will create enthusiasm which should be tapped. A workshop that leaves some doubts should be followed by meetings that answer the questions that remain in the minds of managers.
- 6 If an external and an internal advisor are both being utilized they *must* be presented as equal partners in a team effort. Any hint of a rift between them, or of a superior-subordinate status will have a dysfunctional effect for the process as a whole.
- 7 If the external advisors are, like the LGMP Project Principals, from an academic background, care should be taken to overcome what seems to be widespread distrust of 'academics'. Some observations on the initial workshops indicate that a lecture format should be avoided, as should too much theoretical material. The orientation workshop, its atmosphere and presentation, can be enormously important to the later development of the project. The precautions and suggestions offered above should be helpful, but they are by no means a guarantee of success. Each municipality will be different, as will its managers, and the amount of resistance they will display toward a change program. As always, the change agents will have to remain flexible, and be very careful not to give the impression that they are offering a panacea. Instead they should, from the outset, strive to work on a co-operative basis with managers and councillors to develop an effective program. The orientation workshops should be the first step in that direction.

Introduction

A key feature of the LGMP approach to implementing change in the four Project Municipalities has been the involvement of both internal and external advisors and close co-operation and co-ordination between the two. In each municipality a Project Leader was appointed to assume the internal consulting responsibilities while the Queen's Project Team acted as the external advisors.

This paper discusses the respective roles played by the Project Leaders and the Queen's Team. The first section provides a brief introduction to the need for advisory functions in general and outlines some roles which could be filled by internal or external advisors or both. The latter two sections cover the need for advisors, the specific roles they can play and some suggested criteria for selecting both internal and external advisors.

The LGMP Consulting Style

To clarify the way in which the LGMP has approached its consulting role, the distinction which is often made between the 'technical' and the 'organizational process' consulting styles is useful.

A consultant using the *technical* approach is usually presented with a specific problem. He applies his particular skills and resources in examining that problem, and arrives at a more or less independent solution. Technical problems² are generally well defined, the scope of the task is clear, and it is understood that specific actions or recommendations for action to resolve the problem will be forthcoming. Once this has been accomplished the consultant's job is essentially completed. This approach is sometimes characterized as one in which things are done *to* people rather than *with* people.

The *organizational process* approach, on the other hand, centres around an attempt to develop the organization's ability to solve its own problems, to improve communications, to plan, etc. — in general, to become more effective. Involving managers in problem identification is a large part of the consultant's initial work. The consultant works with managers to determine the strengths and weaknesses of various managerial styles and helps them to develop the necessary managerial ability and mutual trust to enable them to deal effectively with the problems identified. This is necessarily a collaborative approach in which both the client managers and the consultant diagnose problems and determine methods of correcting them. The responsibility

for implementing required changes, however, is placed squarely on the shoulders of the managers. The consultant's primary concern is to develop managers' awareness, to work with them to change attitudes and behaviour, to sharpen problem identification and problem-solving skills, and to help them to deal with conflict. Where technical issues are identified as problems the consultant aids in developing a process for effective ongoing solutions but offers no technical advice himself.

The LGMP implementation approach has closely resembled the organizational process style of consulting. The Project Principals felt strongly that if changes were to have any lasting effect, the managers *themselves* would have to personally develop new values, attitudes, and managerial behaviour. Commitment to change would follow only if managers played a leading role in the change process itself. If the advisor or change agent were to make the decisions, real and lasting behavioural change would be unlikely.

The approach of the consultant to his role is as important as the role itself. In an intervention involving process changes the change agent must be totally honest. He must not betray confidences about managers. He must be trusted and must deserve to be trusted, thereby setting an example for managers within the organization. Discussion of issues should be problem-centred rather than person-centred, and evaluative conclusions with regard to the ability and co-operation of managers must be avoided wherever possible.

Elements of the Consultant's Role

Both the internal and external LGMP advisors adopted the participative approach described above. The more important elements of the roles played by the advisors are described below. Although each Project Municipality had its own particular problems, and conducted the implementation in its own fashion and at its own pace, the roles of the advisors were similar in all four. Thus the description of the roles should effectively serve as

1. The terms *consultant*, *advisor* and *change agent* are used interchangeably throughout this paper since the LGMP advisors played a very broad range of roles in carrying out their functions. These involved the whole range of activities usually attributed to advisors and consultants.
2. An example of a technical problem might be to determine the best location for a shopping centre. The consultant would be hired to study alternative locations and present his findings with a specific recommendation.

guidelines for advisors in other municipalities, who undertake similar programs of change.

The role of the consultant (internal or external) consists of the following elements:

- 1 an initiating function;
- 2 an advisory and innovative function;
- 3 a supportive function;
- 4 a training function;
- 5 a catalytic function; and
- 6 a conflict resolution function.

Each function is described below in some detail. Taken together they form a set of general guidelines for the effective employment of internal and external consultants. The specific needs fulfilled by internal and external consultants are then discussed in detail in the following two sections.

1 *The Initiating Function*

It is critical to the success of any organizational change process that senior line and staff managers be fully supportive of the planned change. They should play a major part in planning the process, and be involved with decisions regarding the implementation of the process. This is true for each level throughout the organization; thus a major task of the advisors is to gain the commitment and involvement of managers at each management level, starting at the top.

If an intervention is to be effective, senior management must recognize the need for change. The advisors can help them to identify existing problems and the potential benefits of various change programs but the desire for change must come from the managers themselves.

The next step is the selection of the intervention process or technique to be used. Working with a knowledgeable internal advisor and the senior management, the external consultant should be able to select the program most appropriate for their needs. Both advisors should then work with senior managers to decide upon the implementation strategy.

2 *The Advisory and Innovative Function*

The advisory and innovative function is fulfilled by consultants through working with managers and task groups to identify problems at all stages of the implementation and through suggesting various processes to determine solutions to these problems. Such co-ordination is required in:

- a the initial definition of major problem areas and the realization of the need for, and potential of, management improvement;
- b determination of the readiness of the municipality to make the desired changes;
- c an exploration of the strengths and weaknesses of internal operating procedures within every organizational unit (departments, divisions, sections, etc.);
- d clarification of the functions and roles of departments and their interrelationships;

- e an examination of potential problem areas in organization-wide processes and procedures such as the budget process;
- f an examination of the effectiveness of information flow and communication within and among all levels of city government and the public;
- g the measurement and improvement of the performance of managers and organizational units; and
- h exploration of the degree to which council is aware of, and using, appropriate management processes and procedures in setting priorities, approving routine and special expenditures, and following up on decisions.

Once requirements for management improvement in all these areas have been thoroughly identified, the advisors should introduce a simple, organized process of problem-solving and should emphasize the need for follow up by managers.

3 *The Supportive Function*

The advisors perform a supportive function by helping to ensure that managers who take risks, through changing their methods of management, are protected from adverse reactions on the part of subordinates, peers, or superiors. Advisors can help to share responsibility for problems which develop within the change process itself and can help to reassure and protect managers by improving understanding and communication with other management levels. They can answer questions and can protect the manager from hasty action on the part of a superior when new processes or objectives do not work out as well as expected. Often, junior managers need considerable support and assurance from the advisors if they are to openly identify the problems they are experiencing. This is particularly true if there is some indication of lack of support from the senior manager.

4 *The Training Function*

The advisors will assist administrators and councillors in adopting new techniques. This requires group training workshops, where managers work together to improve communication and procedures for co-operation and co-ordination, and also individual help for each manager in dealing with changes required on his own job. Both classroom and on-the-job training for individual managers and work teams were used by the LGMP. (Papers 6, 9, and 10 provide further details on these topics.)

5 *The Catalytic Function*

The advisors must keep the new process in the foreground at all times. Thus they perform a catalytic function. Managers find new management processes time consuming and difficult at first. Even the most committed managers are apt to let the implementation process slide under pressure from other work demands. The advisors (mainly internal) have a major role to play in clarifying the change process and in keeping it visible. By reminding managers of requirements, particularly in the early stages of implementation, the advisors can also

help managers to conform with necessary schedules. Short-term and intermediate-term pay-offs are important aids to the advisors in this endeavor and the support of top managers in emphasizing priorities is crucial. Problem identification procedures can often contribute to early pay-offs. (See paper 8.)

6 *The Conflict Resolution Function*

A conflict resolution function is vital to the introduction of new methods of management and to problem-solving procedures in particular. Most major organizational change processes, including the LGMP, involve the development of new working relationships and procedures. Inputs from at least two and often more departments are frequently required. The initial development of new processes and procedures usually requires the resolution of somewhat conflicting objectives on the part of different administrators. (Papers 8, 11, and 18 discuss methods of resolving such conflict.)

Effective problem identification, in itself, often involves a degree of threat to some individuals and as such can easily result in conflict. Unless a degree of confrontation is acceptable and even encouraged by most managers, many important ideas will never be expressed. One of the most important tasks of the advisor is to facilitate open expression of ideas and to help managers in conflict to work through to mutually acceptable solutions.

The Internal Advisor

In any large scale organizational change process, the internal advisor or co-ordinator has a key part to play. To a large extent his effectiveness will determine the overall effectiveness of the change. This section analyzes a number of important dimensions concerning the internal advisor including a justification of the need for the position. It also includes some typical goals of an internal advisor, the role he should play, and some considerations of the relevant criteria for choosing a person for this position.

Need for an Internal Advisor

Prior to the implementation phase of the LGMP, the Project Principals conducted a background investigation into major change processes undertaken in public sector organizations. This investigation led them to recommend to each of the Project Municipalities that they create the position of Project Leader. The person filling this position would act as an internal advisor or co-ordinator. The recommendation was made because a project of the magnitude of the LGMP would require extensive internal input, attention, and thoughtful management if it were to be effective.

Since that time, the experiences of the Project Municipalities have clearly indicated that there is a need for such a person in any municipality which is carrying out a change process similar to the LGMP. While acting as the municipalities' liaison with the Queen's Team, the Project Leaders have become proficient at training managers and helping them to adopt new management techniques. They have also become proficient at effectively using methods of intervention and conflict resolution. Because the goal and objective setting process was in-

tended for use throughout the municipality, it was important that all managers gain a good understanding of the process and the methods by which it could be introduced in the complex and ever-changing municipal environment. The Project Leaders proved to be invaluable in this area. They were in a better position than the Queen's Team to foresee areas where a more concentrated effort was required to maintain the proper pace of implementation. Also, the Project Leaders were immediately available when managers required help.

The creation of the Project Leader positions tended to lend credibility to the whole Project. Municipal staff were able to see that top management was firmly committed, and this helped to secure support and participation.

As the Project progressed, it became increasingly difficult to co-ordinate the Project activities from Queen's University. Where cross-departmental or city-wide action was required, the Project Leader was available as an effective co-ordinator. As the number of departments involved increased, the Project Leader's thorough knowledge of the organization enabled him to feel the 'pulse' of the Project in the various departments and to suggest remedial action where necessary.

In summary, the experience of the four Project Municipalities indicated that there was a need for an internal manager to be the focal point for the Project in each municipality, to develop expertise and understanding of the new system, to adapt it to the needs of the municipality, and to act as a trainer, educator, supporter and motivator for other managers. This would likely be true for any municipality engaging in a change program on the scale of the LGMP.

Some Typical Goals of an Internal Advisor

Despite the differences in implementation of the change process in the Project Municipalities, and the differences between Project Leaders and their various approaches to the job, it was found that the roles they played did not differ significantly. Below are listed the goal statements of one of the Project Leaders. For all intents and purposes these statements reflect the goals of each of the Project Leaders. They also provide a general picture of the role of the internal advisor.

- 1 To plan and develop the method of implementation and progress of the LGMP in conjunction with the Queen's Team to ensure its success.
- 2 To ensure that Queen's Project staff are fully informed and aware of all developments in the municipality which affect the Project.
- 3 To continually develop the knowledge and skills required to provide expertise and leadership to Project participants.
- 4 To devote sufficient time and energy to the Project to be able to meet the needs of the participants.
- 5 To disseminate information and publicity concerning the progress and activities of the LGMP within the municipality.

Expanding on the above goal statements, a more complete picture of the internal advisor's role can be developed. Primarily he must be a planner, co-ordinating input from city managers and the external consultant to maximize effectiveness. This involves ensuring that the individuals involved in any particular phase of the Project are aware of all relevant developments and are available to attend meetings. This seemingly straightforward task is really quite complex, particularly when dealing with senior managers from different departments, who have many other time consuming responsibilities. A large number of managers needing individual attention adds a significant degree of complexity to the scheduling problem. Most important to the planning role is the ability to work with the external advisor and municipal managers in determining the ongoing strategy for implementation. Inevitably, changes in implementation plans have to be made. Unanticipated council demands on staff time, departmental reorganization, lack of commitment in certain areas and serious management problems in others, all affect the capacity of the internal co-ordinator to provide a continuous and consistent approach.

Flexibility is also required with regard to the methods by which the implementation is conducted. For example, a well run engineering department, interested in refining its effectiveness through the goals and objectives system, might require only a modest expenditure of time in the development of indicators regarding cleanliness of city streets, quality of road surfaces, etc. On the other hand, the same type of task within a 'soft services' department such as community services (e.g. developing indicators to evaluate recreation program effectiveness) would probably require a good deal more effort.

The internal advisor's role also calls for him to develop his abilities as a management trainer. Working closely with the external consultant, his attendance at early goal and objective setting workshops should be geared to his acquiring and developing, as rapidly as possible, the ability to conduct workshops of his own. As time goes on, these basic training sessions should become a purely internal responsibility.

Another aspect of his role involves an understanding of the internal politics of the municipality and the background to problems which arise with respect to implementation. Senior managers, for reasons of their own, may sometimes become obstructive or attempt to delay the implementation of the change process. A knowledgeable internal co-ordinator can often quickly identify this type of behaviour and, with an external consultant, help to bring conflicts or reservations out in the open so that they can be resolved.

In addition, the internal advisor can provide continuity and assistance to various groups working on different phases of the process by letting them know what other groups have concluded and discussed. He can assist groups in the development of programs, and goals and

objectives for those programs, and can inform managers of the desires of the chief administrator or other senior officials responsible for originating the change process, with regard to timing, report forms, etc. The internal advisor should also ensure that those responsible for originating the change process are kept up to date on progress and problems encountered in all areas of development and change.

The internal advisor should make every effort to promote trust and open communication among the managers of the municipality through an example of openness and frankness. Managers should always be made fully aware of the advisor's use and dissemination of any information which was obtained from them or from people within their area of responsibility.

Finally, the internal advisor can act as an information centre for task groups and all other managers involved in management changes. Information can be obtained and stored on the various efforts which have been made at organizational change. In addition, external research and documentation of methods of organizational change can be obtained and made available to managers within the municipality.

Training the Internal Advisor

The external advisor should spend a good deal of time at the outset of the Project training his internal counterpart. The training process advocated by the Project Team consists of three parts:

- 1 a reading program to familiarize the internal advisors with the wide variety of intervention techniques and organizational change processes available, their strengths and weaknesses, and the problems that change agents frequently experience;
- 2 a lecture program dealing with,
 - a force field analysis,
 - b interpersonal conflict resolution,
 - c intergroup conflict resolution,
 - d problem identification and problem-solving,
 - e goal and objective setting,
 - f management style analysis,
 - g role of the external advisor;
- 3 a practical program in which the trainee,
 - a sets objectives for his own job,
 - b carries out problem identification in his own area of responsibility,
 - c does a force field analysis,
 - d carries out interpersonal and intergroup conflict resolution,
 - e analyses his own managerial style.

The internal advisor-to-be will find it most useful to follow through in detail several local government organizational change efforts and to become familiar with the reasons for their success or failure.

Once the decision has been made to designate an individual as Project Leader in the municipality the following questions arise.

- 1 Should the position be full-time or part-time?
- 2 Where should the position be located in the organization structure?
- 3 Who should be selected for the position?

A background study led the Project Principals to believe that the internal advisor position should be a full-time one, and a recommendation to this effect was made to the Project Municipalities. In coming to their decisions on this matter, however, each municipality had to consider several questions.

- 1 Can the municipality afford to commit a senior member of the administration to this position on a full-time basis?
- 2 How would the present position of the person to be selected be filled?
- 3 How would he be integrated back into the organization when his duties as internal advisor ceased?
- 4 If financial or other considerations make a full-time position impossible, would it be possible to shift some of the responsibilities of the selected person so that he could be involved on a part-time basis?

Project Leaders in two of the Project Municipalities were appointed on a part-time basis. One reason for these decisions was that the administrators in these municipalities did not think that their councils would approve full-time positions. More importantly, however, was the fact that in both cases senior administrators had been selected who simply could not be spared on a full-time basis. Fortunately, the long managerial experience, expertise, and commitment to the Project of these managers more than compensated for their inability to devote all of their energies to the Project.

The size of the municipality and the extent of its involvement in the change process are two other factors that require consideration in making the full-time or part-time decision. In municipalities with populations of over 300,000 where all or most of the departments are participating in the change process, a full-time position is recommended. A municipality with less than 100,000 population or one in which the change process is being implemented in only a few departments, may find that a part-time internal advisor is sufficient.

Three of the Project Municipalities established the position of Project Leader by shifting some, and in one case nearly all, of the selected manager's responsibilities to other people. Thus no vacancy problems arose and re-integration difficulties should be minimal. In the fourth municipality the full-time Project Leader was replaced in his previous position by an able subordinate. At the conclusion of the Project he will move into a new created position as co-ordinator for organizational

and management development, so again there will be no re-integration problem.

The Project Leader's position in the organization structure is dependent upon the circumstances. Optimally he should report to the chief administrator or to a high administrative official who was instrumental in bringing the change process to the municipality. If neither of these reporting relationships is feasible, the Project Leader should be located in a large 'line' department, such as Engineering, where the goals and objectives system will have a major impact.

The choice of a Project Leader will involve different considerations in every case. The following characteristics have been found by the Project Team to be helpful to a Project Leader in his new job. He should have a solid grasp of how management theory can be applied, or have extensive practical experience in a number of municipal administrative positions. If he is relatively new to local government, he must rapidly become familiar with local government terminology and come to understand the unique relationship between the administration and council. He should be confident, mature, capable of innovation, and be able to develop a trusting relationship with other managers based on mutual respect and co-operation. Finally, he must have, or be capable of developing, a strong commitment to the change process, and have an understanding of its relevance to both the administration and council.

The External Advisor

Municipal administrators initiating change processes must ensure that the strategy used and the external resources employed can answer their needs. This section presents some observations by the Project Team on the need for an external advisor or consultant, the role which he plays in designing and implementing an effective change program and dealing with resistance to change, the importance of his interface with the internal co-ordinator, and some potential sources of external assistance.

Need for an External Advisor

The experiences of the LGMP and other major attempts at organizational change in municipalities have shown that some form of external assistance is necessary.

In the case of the LGMP, the Queen's Project Team provided assistance in two stages, first in organizing and gaining approval for the Project, and second in helping to implement the change process. In the first stage, the Project Team held discussions with key Municipal and Provincial Government officials, piloted the Project through the many steps of the approval process of the Provincial Government, held numerous orientation workshops in the Project Municipalities, and made several presentations to councils. During this stage, the Project Team also worked to fine tune the goals and objectives system so that it would meet the different initial needs in the Project Municipalities.

The external advisor can be very helpful in this first stage by lending credibility to the proposed change

process. His expertise can be used to advantage, in clearly defining the particular management concerns in the municipality, and in outlining the methods that are most likely to be effective in resolving these concerns. The external advisor should guard against taking too much responsibility for designing and obtaining approval for the change process, however. It is vitally important that both the administrative and elected officials in the municipality feel the need for management improvement, and are prepared to expend a good deal of effort to make the process successful.

The second stage of external assistance involves working with the internal advisor, the administration and council, in developing and carrying out the process over the required period of time. For the Project Team this meant: conducting many workshops on goal and objective setting and a wide variety of other techniques that can lead to improved management effectiveness; developing and working with senior management teams (consisting generally of the CAO and his department heads); developing improved information, appraisal, and review systems; conducting joint council/administration problem-solving sessions; assisting in reorganization; and generally acting as a catalyst in bringing out critical issues and having them discussed in an objective manner.

Underlining all the above reasons for recommending an external advisor is the requirement that his assistance be of a long-term nature. The introduction of any system as extensive as that attempted by the LGMP requires a great deal of support. In purely physical terms, the number of managers involved and the amount of time necessary to implement even the most basic elements of the goals and objectives system, makes it impossible to use effectively a process such as the typical concentrated and simplified two or three day 'package' approach to management development. These packages are usually designed by consulting firms to address specific management needs and are not appropriate for developing a more comprehensive approach. The LGMP extended over three or four years but it would be unrealistic, simply on the basis of cost, to suggest that in every case the external advisor be used as intensively over such a period of time. If the long-term nature of the change process is recognized and planned for at the outset, it may be possible to make plans to use the external advisor for a series of short specific functions over the course of the change program.

Resistance to Change

The external advisor has the difficult tasks of promoting a motivating climate and helping managers to adopt new methods and procedures of managing. Before he can begin to hope for success, he must first establish and then maintain a high level of trust in order to curtail the inevitable feeling on the part of some managers that the

process implies a direct criticism of them. Trust can only grow with time; in some cases it may be impossible to develop.

A degree of resistance to the change process is inevitable. Resistance to a change can take several forms. Some managers will demand proof at the outset that any changes to the existing order will be in the direction of increased effectiveness. This is perhaps the easiest form of resistance to deal with since this type of manager is really looking for improvement and can often serve as a catalyst in the change process. He challenges both the consultant and other participating managers to examine details which might have otherwise been overlooked.

The more serious forms of resistance involve a strong need for security on the part of managers, an inability to make the desired changes, and conflicts of vested interests.

Managers are frequently not able to make changes in their operating styles without a good deal of help. Even if a manager is capable of making the desired change, he will not usually make the effort unless it promises either pay-off for him or for the organization with no direct cost to him (or the costs to him of not changing are greater than the costs of changing).³ Managers incapable of adapting to the new processes without some help are naturally threatened by the whole idea. Fear of the unknown, and varying interpretations of proposed changes, are two of the common reasons for resistance. These can be minimized if the external consultant takes the time to establish a positive and supportive relationship with the participants in the process. The external consultant should be aware of the large body of literature on the phenomenon of resistance to change, particularly that relating to local government. Suffice it to say that resistance to the process can be a difficult problem because many of the causes are below the surface, non-logical, and extremely individualized, however, the external advisor must be prepared to help managers to cope with change wherever possible.

As these various forms of resistance to change are overcome, sustained effort and high visibility are necessary to establish the permanence of the new processes and to 'shore up' areas where adoption of those processes is weak. Once a positive attitude is developed by the most capable managers and the system is accepted, there still remains the task of translating this initial positive change into the ongoing routine of the organization.

At this point, the external consultant becomes less important and those close to the everyday managerial operations — the internal consultant and other particularly committed managers — can ensure that the new systems (e.g. the goals and objectives setting and review systems) remain in place. Minor frictions and complaints can be handled internally and needed adjustments can be made.

Interface with the Internal Advisor

One of the external advisor's most important tasks is the training of his internal counterpart. Consulting

3 The costs and benefits to managers of making any particular change depend to a degree upon the motives and personality of the individual. Most managers, however, need some degree of promised security and some assurance that the risks they take have potential for pay-off in the future.

skills should be passed on to the internal advisor through classroom-type sessions as well as through practical experiences, so that he will be capable of eventually taking over the whole consulting function.

While the roles of the external and internal advisors involve some overlapping responsibilities, the different vantage points from which they operate enables each of them to make some unique contributions to effective change.

The external advisor is not tied to the organization in the same way as is the internal advisor. His greater independence and relative freedom from the system can, and should, be used as an asset. He can take some risks in exposing critical shortcomings and creating awareness of areas of weakness which managers may be either consciously or unconsciously avoiding. Unfortunately, many consultants are afraid to take these risks.

The external agent will usually have more initial input than the internal advisor, as a lecturer and trainer. He will also be more readily accepted, than his internal counterpart, as a professional with definite expertise to offer to practicing managers. This is important in lending credibility, particularly in the early stages of the process.

Finally, depending on where the internal advisor is located in the administration, he may be looked upon as 'wearing two hats'. Regardless of whether he is a full or part-time co-ordinator, his effectiveness in leading any sensitive intra- or inter-departmental task group effort is likely to be limited. Coming from outside the organization, the external consultant can play an advisory role as task group leader in these situations, and questions of bias are less likely to arise. Participants are more likely to look upon the external advisor as an objective third party whose function, in part, is to arbitrate any differences which may arise. In fact, of course, it is very hard for an internal consultant to eliminate personal biases which may have formed over a long period of time.

It is important that the external consultant understands and makes use of the distinct advantages of the internal advisor's position. In this respect, a key strategy in developing early momentum, in change processes like the LGMP, is to attain and maintain high visibility throughout the administration. The internal consultant is in a much better position to accomplish this. He is more accessible to those seeking help and can use the resources of his superior when necessary. His knowledge of the details of the municipality's operation enables him to maximize the exposure of management participants to the change process, through effective co-ordination of management improvement activities, timing of workshops, arranging meetings, etc. His closer relationship to his fellow administrators can help to lessen the psychological distance between them and the external advisor. In addition, the internal advisor can often provide practical examples of theoretical management ideas expressed by the external consultant. By providing examples of past management prob-

lems or inefficiencies within the administration he can often bring abstract ideas closer to home.

The external consultant should be sensitive to these and other advantages of the internal advisor's position and should concentrate on creating a complementary division of labour between the two which exploits most fully their respective strengths and talents.

Sources of External Assistance

Having decided that some sort of external assistance is necessary or desirable, a municipality must then consider the various available sources of such assistance. These include the Provincial Government, universities and community colleges, consulting firms, and individuals from other municipalities who have relevant experience.

First, the Provincial Government can provide technical assistance through the Ministry of Treasury, Economics and Intergovernmental Affairs. If a project with similar aims to those of the LGMP were attempted, individuals in the Local Government Division could provide technical assistance.

Universities and community colleges throughout the Province are possible sources of external help with organizational change processes. The Project Team at Queen's has assembled an extensive bibliography and collection of material related to the LGMP and to other management improvement projects. This could be made available to interested individuals at other universities and community colleges. One advantage of making use of such institutions lies in the likelihood that they would be interested in the longer term dimensions of a change process, and the evaluation of its effectiveness.

Consulting organizations with experience in both local government and the intended change process, could provide necessary assistance in launching and developing the process. Due to the nature of their business, however, the length of involvement of a consulting firm is likely to be shorter than other possible sources of assistance. A possible variation of this source of assistance would be for a number of municipalities to work co-operatively with a consulting firm, thereby sharing costs and experiences. This might encourage longer term commitment from the firm and be financially applicable to smaller municipalities with limited resources.

The fourth type of assistance available would be to draw upon the experiences of managers in the four Project Municipalities or other municipalities which have undertaken major management improvement processes. The Project Municipalities, for example, have developed a valuable group of resource personnel who could be helpful in implementing similar processes in other municipalities. Assistance of this type could range from occasional training sessions with an interested municipality, to the temporary employment of an individual from one of the Project Municipalities for a period of time, by one or more municipalities.

Summary

The road towards the successful implementation of a major organizational change process is a difficult one. Countless traps, pitfalls, detours and dead-ends lie in wait for the unwary organization. To maximize the chances of success it has been the thesis of this paper that two pilots or advisors are needed – one to guide the organization from the inside and one to guide from the outside. This paper has attempted to answer the questions ‘Why do we need an internal and an external

change agent?’, ‘Who should they be?’, ‘What should they do?’, and ‘How should they work together?’.

This paper concludes the section concerned with the preparation for a major organizational change. The discussion now continues with a consideration of the steps necessary to initiate and carry out the planned change.

Part III

While the LGMP intervention was scheduled to begin with the training of administrators in the use of goals and objectives for management, a number of factors interfered with the effectiveness of that training. In retrospect, it would have been advantageous to have anticipated some of these problems and to have dealt with them prior to goal and objective workshops. These problem areas in initiating organizational change will be discussed in overview fashion in this introduction and are covered in detail in the short papers contained in this part of the book.

Preliminary Needs for Training

Shortly after the LGMP implementation process began, it became apparent that many local government managers had a number of management training needs which had to be filled before effective goal and objective setting was possible.

In particular, the Project Team found that many managers were unable to delegate effectively, did not know the various functions that a manager should fulfill and had difficulty communicating effectively in either written or oral form. Subordinates' talents were not being utilized through either problem identification or team discussions and managers frequently had not developed routine processes to take care of repetitive operations. Thus a major pre-training program was really required to obtain optimum effectiveness from goals and objectives. Unfortunately the LGMP did not have sufficient staff to cope with such demands and was forced to proceed with goal and objective setting workshops as originally planned. It is strongly recommended that subsequent management improvement programs include a consideration of these problem areas and attempt to deal with them before attempting any sophisticated change.

In subsequent attempts at major management improvement programs, it is suggested that the consultant be prepared to recommend appropriate 'plug in' training modules to meet the needs of managers prior to any attempt to promote change. Some modules which might have been helpful to managers involved in the LGMP are described in *Paper 6 Basic Supervisory Training and Education*. These were developed rather late in the LGMP implementation and were used to a very limited extent by LGMP staff for departments that were having trouble with goal and objective setting. They have, however, been evaluated for content by a number of

municipal trainers and have been given general approval. Given a sufficient understanding of the particular needs of a municipality and a willingness to adapt a training program to meet those needs, most community colleges or universities could supply this type of training.

Management Overload

At initial goal and objective workshops, managers frequently complained that they were too busy to allot the necessary time to goal and objective setting. LGMP staff soon found that this type of complaint was not just an excuse to avoid goal and objective setting. The managers were busy. Many of them were working long hours and were displaying various symptoms of management stress.

Paper 7 Management Overload deals with problem areas which affect a manager's time. After reading this paper, certain managers were asked to volunteer to discuss their workload problems with a group of their peers. With the help of the overload paper and feedback from peers regarding some of the things they seemed to be doing wrong, managers began to change their management methods. The process seemed to have a high degree of success.

Problem Identification and Problem-Solving

Generally, managers found it difficult to decide upon objectives and frequently set rather inconsequential ones at the outset, mainly to fill the expectations of senior administrators and Project staff. It quickly became apparent that an organized process of problem identification was needed, so objectives could be determined in the areas where they were most urgently required. Problem identification was only effective when a manager's subordinates became involved in the process. They could frequently identify major problem areas in their operation that the senior manager had not recognized.

Of course, it is extremely important that, after managers and employees are involved in problem identification, steps are taken to eliminate the problems identified. Thus, effective decision-making and objective setting processes were crucial. Frequently, the problems identified were inter-departmental or involved several departments and the solutions required improved teamwork at various organizational levels. *Paper 8 Problem Identification and Problem-Solving*, describes

the processes which the Project Team found to be most appropriate in obtaining the necessary involvement of managers at all levels. This was a good introduction to goal and objective setting because it made possible the setting of objectives to overcome real problems and facilitate rapid pay-off.

Goal and Objective Setting

Paper 9 Goal and Objective Setting in Local Government, describes the process of goal and objective setting as it was developed and used by the LGMP. Training began at senior administrative levels and then progressed to lower levels. Councils became involved after top administrators had some experience with the process. An outline and basic materials for a typical introductory goal and objective workshop are included as *Paper 10 Goal and Objective Workshops*.

Generally, the initial workshops were effective where doubts about the LGMP approach were freely expressed. When managers kept their doubts to themselves or accepted the process without question, the unresolved and unidentified issues returned to haunt the efforts of the LGMP staff. In retrospect, the most controversial introductory meetings with the highest expressed level of hostility were probably the most successful in the

long run, as long as the Project Team was able to satisfy those who expressed doubts. Where LGMP answers did not resolve questions, a lack of commitment and support continued to plague the Project.

It seemed that the most effective approach was to give managers an overview of the process at first, to ensure that they understood the concepts involved. When they began to work with goals and objectives they found, of course, that it was much more difficult to develop the effective use of the concepts than they had expected. Most managers needed direct help and support to optimize the use of objectives and to make the adoption of a new technique less threatening. The change agent can help by presenting useful examples of goals and objectives but must be careful not to provide so much assistance that the manager himself does not grapple with the process.

The LGMP approach to management improvement was based on the belief that the capability of managers to plan and direct their own efforts through the establishment of goals and objectives was fundamental to effective management. Thus the initial thrust of LGMP activity was directed toward goals and objectives training. Very shortly after this training was initiated, however, it became apparent that more fundamental management education and training was required in a number of cases before goal and objective training could be meaningful. This brief paper has been included to help managers and external trainers and advisors to become conscious of the type of deficiencies which were encountered and to suggest an outline for some methods of dealing with such training needs.

The first and most major training problem encountered revolved around an inadequate understanding, by many municipal administrators, of their own managerial roles. Often the tasks upon which they spent a major portion of their time were not included in their initial objectives. In other cases, particularly with senior managers, some of the most important elements of their own jobs were regarded by them as a waste of time or as things which they should not be doing at all (e.g. meeting with other managers to plan or identify problems and obtaining and disseminating information vital to the operation of the organization).

The LGMP staff, in concurrence with some municipal managers, concluded that education and on-the-job training in basic supervision and management would be extremely helpful to a large proportion of municipal administrators. With an increased understanding of their own managerial roles, managers would be better able to set meaningful objectives for management improvement.

It was found to be relatively easy for managers to establish objectives related to their unit's output and to measure changes in that output (relatively easy, that is, in cases where either a direct or a support service was being provided). Many elements of the manager's job, however, did not have a direct relationship with output. Therefore, output objectives did not usually help a manager to improve the way he actually did his own job, and thus these objectives were limited in the extent to which they could increase overall productivity.

Managers experienced particular difficulty with delegation, effective problem identification, communication to superiors, peers, and subordinates, and dealing with

everyday problems in supervision. They were frequently unaware of the impact which they had upon subordinates and were unable to use the motivational potential of the job to stimulate employees' performance. Thus the human resources within municipal organizations were not being adequately utilized and managers frequently did not have the understanding and knowledge required to set objectives to improve their capability in those areas.

The LGMP was not sufficiently staffed to carry out a comprehensive program of supervisory training, and, in most of the Project Municipalities, the Personnel Department also did not have adequate resources for such programs. In the past, these municipalities had depended upon universities and community colleges for both human relations and administrative training. Unfortunately, many of the courses offered are rather theoretical or, even when practical information is included, it is not directly related to municipal administration. Many trainers do not understand or have the opportunity to analyze the real needs of the managers in their classes.

As the LGMP staff discovered, in attempting to introduce goal and objective setting, busy managers do not have time to experiment with concepts on the job. They need help with effective on-the-job applications of the concepts from knowledgeable senior managers, through discussions with knowledgeable peers or with the help of a trainer who has an understanding of the problems which municipal managers face.

While the LGMP staff did not have time, with a few exceptions, to offer the basic supervisory training required, they were able to identify common problem areas in management in the four Project Municipalities. Having identified these problem areas, a number of training modules were developed. Each of these modules was designed for a three hour time block and could be administered by municipal training staff, if available, or by community college or university staff. Generally, university or community college staff acting as trainers for such modules should have personal management experiences or, at least, should work closely with municipal advisors.

The following set of modules has been developed on the basis that the key to successful training in supervision is active involvement in the learning process by the supervisors undergoing training. From the outset, they need to be involved in identifying their own management

weaknesses and requirements for training. If training is to be meaningful, managers need to join in case discussions and to take part in experiential exercises. When they attempt to apply concepts on the job, they need to have someone to help them to cope with the difficulties which they encounter, preferably a higher level manager or an internal training advisor.

Thirteen modules have been outlined. These appear to have potential value for many of the supervisors in the organizations which the LGMP staff has encountered. Except for the first two, there appears to be no rationale for ordering these modules in any particular way. They can be presented as a series or used separately for specific purposes.¹

Some of these modules have not been fully tested at this point, although one of the Project Municipalities has developed a comprehensive supervisory training program using them as a reference. In addition, the Project staff have used several of these modules in another Project Municipality, and staff members of Queen's University's School of Business use many of the techniques and exercises in their own experiential education programs.

The modules presented here are admittedly sketchy and are intended only as stimulants to municipal trainers and community college and university training staff. Objectives are stated for each module and some sources of training aids and readings are identified. If there is sufficient interest, the Project Team could compile fairly rapidly a training manual which would include relevant exercises and readings.

For most of these modules one pre-reading has been recommended, however, trainers should not rely upon readings to cover important aspects of the topic and should ensure that time is allocated for discussion of such concepts during the class period. Managers must have the opportunity to incorporate the new concepts into their repertoire of management behaviour. Developing an understanding and clarification of the potential implications of the desired change takes time and this must be recognized.

Module 1 The supervisor's role

Pre-reading

Chapter 2, 'Supervision' — reference 11,² and Mintzberg, 'Managerial Work' — reference 9, pages 26-43.

Objectives

- 1 To promote thought and discussion regarding the various responsibilities of a supervisor.
- 2 To reach a consensus on the major aspects of the supervisory role.

1 Further detail on the training materials mentioned can be obtained from Professor V.N. MacDonald at Queen's University's School of Business.

2 A list of numbered references is included at the end of this paper and the reference list number is given in each case for rapid identification.

- 3 To gain increased insight into the ways in which each aspect of the supervisor's role can best be carried out.

Procedure

- 1 Divide participants into groups of about five people and begin with group discussion and reports on the various responsibilities of a supervisor.
- 2 Follow reports with a full class discussion to reach a consensus on the responsibilities of a supervisor, with moderator's input. Areas to be covered should include, for example:
 - a providing direction;
 - b obtaining and training personnel;
 - c clarifying responsibility;
 - d keeping subordinates informed;
 - e influencing upper management decisions;
 - f developing co-operation and trust;
 - g obtaining production;
 - h motivating employees;
 - i obtaining needed information; and
 - j solving problems and making decisions.
- 3 Re-form small groups for discussions and subsequent group reports on the ways in which a supervisor must act to fulfill his responsibilities in each of the areas identified. A discussion following the second set of reports should leave those involved with a better understanding of supervisory behaviour and should prepare them for subsequent modules which go into the areas identified above in more detail.

Module 2 Determining supervisory training needs and establishing a program for the appropriate management group.

Pre-reading

Instead of assigning readings the instructor can begin the workshop with a review of the discussion which took place in module 1, regarding the different functions of a supervisor, and the way in which a supervisor must act to fulfil his responsibilities.

Objectives

- 1 To obtain the help of those managers who will be participating in the training program, in identifying areas of weaknesses and in setting priorities for training.
- 2 To arrive at a training schedule which is realistic and which best accommodates the needs of both participating managers and trainers.

Procedure

This is an open meeting with the objective, as stated, of having participating managers clearly identify where, in their opinions, training is most needed. The trainer can facilitate the discussion by clarifying the relevant areas of supervisory behaviour and explaining the types of objectives for management improvement that might be possible in each area.

Methodology of training can be discussed to some

extent, mainly to ensure that actual application to the job and on-the-job training are part of the program. An advisor or a designated trained and experienced manager will need to make himself available as a resource person, almost upon request, for a period of time to provide on-the-job advice as the managers incorporate new methods of operation.

Module 3 Basic organizational structure

Pre-reading

A precis of the Chapter 'Hierarchy' – reference 23, page 283.

Objectives

- 1 To familiarize managers with basic concepts of organizational form, structure, procedures and management processes.
- 2 To provide practice in setting up an organization.
- 3 To provide experience in analyzing situations where inadequate structure or inappropriate management processes have created a problem.

Procedure

- 1 Use an involvement or experiential exercise such as:
 - a 'Designing an Organization' – reference 12, page 127 – the moderator can bring out aspects of organizational structure and processes as the exercise progresses; or
 - b The case study of a governmental organization and its operation at page 66, of reference 15 – deals with the adequacy of processes and structure and suggestions for revision of both.
- 2 Use a case such as 'Lurkin Manufacturing', reference 5, page 26, which outlines problems caused by ignoring the chain of command and by inadequate organizational structure.
- 3 If a senior management group is involved, more complex organizational design issues such as the development and acceptance of a structure to meet a special purpose may be discussed. Case study, 'Atlas Electronics' – reference 12, page 139, may be helpful here.

Module 4 Dealing with everyday problems in management

(This is a critical area and could easily be extended to encompass two training periods using the materials recommended here.)

Pre-reading

'Working with Other Managers', contained in reference 22, page 217.

Participants are to complete a 1½ hour 'In-Basket' exercise prior to class – references given in procedure.

Objectives

- 1 To provide participating managers with an opportunity to exchange thoughts about general problems in management in a low risk classroom setting.
- 2 To expose class members to the alternative approaches

and solutions to management problems as perceived and posed by other managers.

- 3 To discuss the problems involved in delegation and to examine the reasons why delegation is so important and why managers find it so hard to delegate.

Procedure

- 1 Discuss class solution to 'In-Basket' exercise – especially designed for municipal managers.

Examples — 'In-Basket' - reference 12, page 215, and reference 10, pages 245, 271.

- 2 Discuss a number of case examples of managerial behaviour using small group discussion and group reports for at least one of those cases.

Potential cases for this exercise include reference 11, page 125 (switch job titles to municipal organizations), and reference 4, pages 40 (government) and 75 (power company).

Each of these cases involve somewhat different aspects of supervisory behaviour and should provide a basis for discussion. Two potential cases in delegation include; reference 4, page 166, and reference 11, page 118.

Module 5 Increasing understanding of oneself and of others

Pre-readings

'Toward Better Interpersonal Relationships' – reference 3, pages 648-657. Also reference 21, pages 16-23.

Objectives

- 1 To help participating managers to gain a deeper understanding of the influence of their own frame of reference and attitudes upon their perceptions and managerial behaviour.
- 2 To help participating managers to understand better the basic factors underlying their perceptions of others, the formation of biases and prejudice, and the influence that these have upon organizational effectiveness.

Procedure

- 1 Case – role play – 'Hart & Bing' – reference 6, page 443, or 'Twelve Angry Men' – reference 19, 1971 Handbook, page 13.
- 2 Film – 'Eye of the Beholder' or 'Twelve Angry Men'.
- 3 Class discussion of the characteristics and importance of one's feeling about oneself and the development of openness to others. Should include a self-rating (several techniques available in reference 19 and various handbooks) and class discussion.
- 4 Emotional styles – self-analysis and discussion – reference 14, page 198.

There are a number of exercises and self-ratings available from various University Associates' publications – reference 19, which offer a good choice of instruments. The *Johari window* provides a useful frame of reference for discussions and interac-

tion exercises which can be incorporated into modules 5 and 6. Ideally, managers would attend a three day workshop concentrating on their understanding of themselves and others. Then they would have access to trainers who could help them to apply the concepts on the job.

Module 6 Defensiveness, feedback and the influence of values

Pre-readings

'Executive Defence Mechanisms', Joe Kelly – reference 13, 'Values, Man and Organization', Robert Tannenbaum and Sheldon Davis – reference 24.

Objectives

- 1 To help participating managers to become more aware of their own tendency to be defensive and of the consequences of that defensiveness for effective communication and supervisory behaviour.
- 2 To help participating managers to better understand how their personal values may differ from those of others and to try to help them to become more understanding and accepting of the values of other people.
- 3 To help participating managers to become more effective both in giving feedback to others and in receiving feedback which will help them to improve their work.

Procedure

Some combination of several of the following activities should be followed.

- 1 Class discussion can centre around some case examples of defensive behaviour from 'Explorations' – reference 2, page 31.
- 2 'Kidney Machine' is an excellent experiential exercise which brings out differences in values – contained in reference 19, 1974 Handbook, page 178.
- 3 Have participants complete the 'Leadership Style Questionnaire', contained in Finch, Jones & Litterer – reference 8, page 135. Hold a class discussion on results. What relationship does leadership style have to the ability to give or accept feedback? Alternative – 'Theory X/Y Questionnaire' – reference 14, page 239.
- 4 Have participants role-play mutual appraisal interviews – reference 8, page 165 – others available from Queen's University, School of Business.
- 5 Discuss the reading on thinking positively about oneself, reference 15, page 263.

Module 7 Improving communication with subordinates

Pre-reading

'Why Don't Employees Speak Up?', Alfred Vogel – reference 26, page 485.

Objectives

- 1 To provide the participants with more insight into

the role conflicts they may experience as they cope with the conflicting expectations of superiors and subordinates.

- 2 To help the participants to develop the ability to communicate more openly and effectively with subordinates.

Procedure

Choose from among the following exercises.

- 1 Have mutual participation in exercises such as the 'Role Play Exercise' – reference 8, page 245.
- 2 Have small group discussions and reports on case exercises such as those in reference 4, pages 1, 27 and 105.
- 3 Have one of the participants do the 'Two-Way Communication' exercise – reference 14, page 263.
- 4 Have participants contribute to a classroom discussion of barriers to communication. They can usually identify a number of factors which apply to upward communication but need help in identifying barriers which they may, themselves, be creating for lower level people.

Module 8 Improving employee performance

Pre-reading

Paper 15 · Developmental Performance Reviews contained in this publication.

Objectives

- 1 To help participating managers to become more fully aware of the variables which influence and motivate productive behaviour on the part of their employees.
- 2 To discuss ways in which participating managers can better identify and accentuate employee strengths and correct employee weaknesses.
- 3 To introduce participating managers to the concepts involved, to examine the existing form of communication between them and their subordinates and to help in identifying and countering problem areas.

Procedure

- 1 Have participants complete the exercise 'Motivation' – reference 8, page 114, or the exercise in reference 14, page 97. Both involve individual input and group discussion.
- 2 Have participants read and discuss the case on motivation contained in reference 11, page 218.
- 3 Other short cases involving employee motivation may be found in reference 11 at pages 110, 123 and 338, and in reference 4, at pages 14 and 146. A general discussion tying together motivation theory and practice is a good way to conclude this period.

Module 9 Helping relationships & counselling

Pre-reading

'Theory of Personality', Carl Rogers, contained in reference 20 (The trainer should certainly be aware of Rogers' discussion and, in fact, should read the whole book. This reading is probably inappropriate

for most managers unless they read the entire book or have some background in behaviour training.) Also 'Helping Relationships', Lifton, contained in reference 17, page 49.

Objectives

- 1 To familiarize participating managers with a non-directive approach to counselling subordinates which aids the subordinates to identify solutions to their own problems.
- 2 To provide participating managers with some practice in using the non-directive approach in a non-threatening classroom situation.
- 3 To help participating managers to gain some insight into their feelings about counselling and their own approaches to dealing with employee problems.

Procedure

This is an important area which can easily occupy two periods of three hours. The referenced information is sufficient but a great number of alternatives are available as well.

- 1 Have participants read the 'Walt Rogers' case contained in reference 16, page 255, and discuss both that case and non-directive interviewing in general.
- 2 Have participants complete the 'Helping Relationships Inventory', contained in the 1973 Handbook, reference 19, page 75.
- 3 Have participants carry out reciprocal practice interviews with some discussion and coaching between interviews.
- 4 A good case exercise is 'Fairness', reference 11, page 124.

Module 10 Group decision-making and teamwork

Pre-reading

'Participative Management: Time for a Second Look', contained in reference 1, page 166.

Objectives

- 1 To help participating managers to better understand both the positive and negative implications of group decision-making and the critical influence of organizational climate.
- 2 To introduce and provide practice in methods of improving group decision-making.
- 3 To discuss various methods of improving teamwork in working with both peers and subordinates in organizations.

Procedure

This area is important and there are many appropriate training techniques. The following would be sufficient for at least 12 training hours.

- 1 A number of good experiential exercises are available to provide a focus for a discussion of employee participation in decision-making, e.g. 'New Truck Dilemma', contained in reference 18, or 'Who Gets the Overtime?', reference 15, page 145.
- 2 There are several good case exercises which can be

used to emphasize both strengths and weaknesses of employee participation in decision-making. For example: reference 4, page 62; and reference 11, page 119.

- 3 Group versus individual decision-making can be studied with the exercises 'Desert Survival', 'Survival in the Arctic' or 'Voyage to the Moon', reference 25.
- 4 A good group involvement exercise can be effective here, e.g. reference 8, page 204, or an exercise for the examination of leadership roles using a set of Tinker Toys or toy building materials.
- 5 A useful base for instructor reference or class discussion is 'Leading Group Discussions', reference 8, page 210.
- 6 The exercise, 'Team Building', reference 14, page 193, is also a potentially useful exercise.

Module 11 Problem identification & solution

Pre-reading

Kepner-Tregoe handouts and cases – Queen's materials. 'Paper 8 Problem Identification and Problem-Solving', contained in this publication.

Objectives

- 1 To help participating managers to develop a more analytic approach to the identification of problems and their causes.
- 2 To help participating managers to develop a greater ability to use their subordinates' knowledge, skills and energy in identifying and solving problems.

Procedure

Problem-solving and decision-making can be dealt with individually or, preferably, examined together in a one or two day workshop.

- 1 The case 'Municipal Light', in reference 12, offers a good format for the use of Force Field Analysis.
- 2 The goals and objectives procedure for problem identification can be discussed and managers can participate in the use of the technique in the classroom setting in dealing either with cases or real organizational or classroom problems.
- 3 The Kepner-Tregoe problem-solving format and cases – Queen's materials. (Usually requires a half day to develop an operating familiarity with the technique.)

Module 12 Decision-making

Pre-readings

Kepner-Tregoe handouts and cases – Queen's materials. *Attachment to Paper 12 Developing Information Systems in Local Government* contained in this publication. 'Interpersonal Barriers to Decision-Making', Argyris, contained in reference 3, page 447.

Objectives

- 1 To help participating managers to become more familiar with the requirement for and use of information in decision-making.

- 2 To introduce participating managers to a simple outline for a decision-making process.

Procedure

- 1 Pre-class exercise.
Have participating managers identify the decisions they make during a typical day and record the information they used to make those decisions, for discussion in class.
- 2 Discuss the appropriateness of the decisions which managers in the class are making and their ability to use the best available information. Should they be delegating many of their decisions and how well are they using their time? *Paper 7 Management Overload*, in this book is a useful reference.
- 3 The Kepner-Tregoe decision-making format and cases. (Usually requires a half day to develop an operational familiarity with the technique.)

Module 13 Intergroup relationships

Pre-reading

'Introduction to the Structural Design of Organizations', Lorsch, reference 7, page 1. 'Modes of Conflict Resolution', Queen's University, School of Business, working paper.

Objectives

- 1 To help participating managers to become more aware of the problems which arise between groups and the importance of a method of conflict resolution which allows for input from all concerned.
- 2 To discuss the importance of differentiation between groups, the resulting problems of integration, and the potential means of integration.
- 3 To introduce a method of developing intergroup processes and procedures.

Procedure

- 1 The 'Eastern Electronics Case', available from the School of Business, Queen's University, or a municipal case, which would be very easy to write, would be a good way to introduce and promote discussion of this topic. Queen's is using an intergroup model based upon work by Lawrence, Lorsch & Associates, reference 7, (several papers apply).
- 2 Some good cases are also contained in reference 14, page 257, or reference 8, page 240.
- 3 The LGMP intergroup procedure for the development of support services contained in paper 18 in this publication should also be discussed.
- 4 The various techniques for resolving intergroup conflict, which can be found in most of the recent behaviour texts, can be examined. The Queen's paper, referred to as pre-reading for this module, summarizes these.

Summary

This is, admittedly, a very brief description of a set of modules to serve the purposes described. Their strength lies in the fact that they were established to meet the needs identified by LGMP staff and Project Leaders in the

municipalities. The references for training materials should be useful to municipal or college trainers who are asked to establish a training program. A detailed training manual could be generated by the Project Team, given time to obtain authors' permission. There are, of course, many equally good exercises and references which have not been mentioned here.

The advantages of a modular approach to basic supervisory training and education lies mainly in its flexibility. It allows advisors and managers themselves to draw on those modules which will be most useful for their particular situation. In this way some of the resistance to change caused by demands on managerial time can be minimized, and managers can get practical help with their most immediate problems.

Above all, it is crucial that managers themselves become involved in identifying needs for training and development, and that they approach discussions honestly and constructively. Otherwise, the modules selected may not meet their most crucial needs. The involvement of managers in problem identification is stressed elsewhere in this book but is particularly important in management training since the managerial strengths and weaknesses of the managers themselves are the focus of concern. Leaders of the workshops must be especially aware of individual needs and should gear discussions to the problems of the participating managers. Sensitivity to participant needs will not only make each session more useful, but will enable the moderator to draw out previously unexamined problem areas, and will help in identifying strategies to deal with them.

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Introduction

Change agents seeking to implement a new organizational process in local government will probably meet a phenomenon called 'management overload'. The Project Team members know they are dealing with a potential case of management overload when they hear a manager say: 'I don't have time to set goals and objectives — I'm swamped with work and already behind on my commitments'.

Management overload is a difficult problem. It is not simply a question of managing one's time more effectively. This paper takes a look at some of the most important causes of management overload and briefly describes a method that the LGMP has found to be successful in dealing with the problem.

At the outset of the LGMP, a number of managers in the four Project Municipalities immediately expressed a concern that management overload would prevent them from participating in the goal and objective setting process. With the existing financial constraints and hiring limitations likely to continue in light of the recently announced Federal and Provincial spending guidelines, the Project Team realized that this problem would only get worse and that an effective way had to be found to deal with it.

The irony of the management overload problem was that in most cases it could be solved by the goal and objective setting process. The process is designed to improve a manager's ability to manage his own, or even a wider area of responsibility. However, if the manager was unable or unwilling to make the initial investment of time required to develop a better system of management, he was likely to become only more deeply mired in his management overload problems.

At some stage the system must suffer. This could mean a decrease in the level or quality of service, a breakdown in the manager's health, and/or the hiring of additional personnel to bolster an ineffective system, which would merely delay the impact of more serious consequences.

Factors in Management Overload

Evidence of management overload does not, of course, necessarily mean either ineffective or inefficient management. It may mean that the manager simply does not have the human resources at his disposal to handle his management load. The question is: 'How can a manager tell whether his problems are caused by real over-

load or whether they could be alleviated by some change in his managerial style?'

One approach that the Project Team has found useful has been to help the manager to identify some of the factors that have contributed to his overload problems. Once this is accomplished, the more serious problems can be discussed and potential means for dealing with these problems can be suggested. Experience shows that a satisfactory and effective solution is far more likely to result when the major underlying causes of overload are identified than when the problem is attacked without this kind of analysis.

Some of the most common factors, in the Project Team's experience, that have led to management overload for local government managers are listed below.

- 1 Unclear delineation of responsibility at any level in the department can result in confusion, delay, duplication of activity and, sometimes, a situation where essential tasks are neglected.
- 2 Confusion regarding the role, direction, or goals of the department will create problems. Needed services may not be provided at all, or existing services may just not be adequate to meet the needs of the users. Also, departments often expend energy and resources to provide unnecessary services which should either be modified or discontinued.
- 3 Inadequately managed or motivated staff are often a major cause of management overload. Responsibility should be delegated to the lowest managerial level which is willing and capable of assuming that responsibility. This is a difficult lesson for many managers to learn. They feel that to get something done properly they must do it themselves. The implications of such a belief need to be carefully examined. These managers often take on more tasks than they can handle while neglecting some of the most important facets of management, such as long-range planning. Communication to staff may be unclear, or subordinates may feel unable to communicate their needs, problems and suggestions to the manager. Not only does this result in frustrated, unenthusiastic employees, but it also ignores an excellent source of good practical suggestions from individuals who work with the problems of the department every day.
- 4 A poorly established planning routine often lies behind a case of management overload. When a man-

- ager does not regularly and conscientiously take the time to plan properly, his department cannot function at peak effectiveness. Its response to unanticipated developments is inadequate, its ability to co-ordinate its efforts with those of other departments is greatly impaired, and its contribution to inter-departmental programs is sub-standard. Such a department finds itself dealing with one crisis after another and the manager is constantly swamped with 'top priority' tasks.
- 5 Council can contribute to the problem of 'crisis management' by demanding changes in programs in reaction to relatively minor public pressure and by an inability to establish consistent policies. Aside from making council aware of the costs of unnecessary waffling and fluctuations in direction, administrators can do little except try to ensure that the same problems of discontinuity and imposed, unrealistic deadlines are not recurring at each administrative level.
 - 6 Poorly established processes and procedures for cross-departmental and cross-divisional programs and support services result in frustration, lack of co-ordination, inadequate services and often unnecessary committee meetings and paper work. Thus, both the time and energy of managers is sapped in compensating for a situation that need not exist.
 - 7 Crippled communication lines resulting from lack of frankness and openness between managers will prevent identification and exploration of mutual problems. There is a tendency to cover up one's own inadequacy, and not to admit to the existence of problems which desperately need to be aired so that solutions may be developed. Inter-departmental problems tend to get worse when they are not confronted, thus adding to the day-to-day difficulties faced by the manager.
 - 8 Often when a manager takes the time to sit back and look at what he is doing with his workday, he finds that some of his efforts are being expended on irrelevant tasks. His time should be spent in endeavours which contribute to the efficient and effective accomplishment of the department's goals and objectives.
 - 9 Inadequate filing and information retrieval systems result in vast quantities of lost time; time that often turns a minor problem into a major crisis which takes up an inordinate amount of the manager's time and energy.
 - 10 Associated with the above, an inadequate management information system can be a significant cause of management overload. Municipal information systems are complex. Considerable expertise is required for their design and operation if they are to work effectively. When insufficient attention is paid to the information system the consequences can be critical. Opportunities can be lost when information, in a usable form, does not reach a manager in a reasonable time. In keeping certain records, time can be wasted duplicating the efforts of other indi-

viduals in the organization. A poor information system seriously hampers even the best of managers and can only add to the tasks they must do and the time it takes to complete them.

- 11 The state of council-administration relations can have a significant effect on management overload. When individual managers attempt to manipulate other top administrators or use political connections to gain their own ends with council, basic management problems tend to be ignored and other managers become demotivated.
- 12 Finally, poorly trained or ineffective subordinates and fellow managers are often important factors in a management overload problem. Not only do such persons create more work for others but their performance tends to discourage and demotivate colleagues, resulting in an overall decrease in effectiveness.

Summary

While the above list of factors may not be all-inclusive, it does present some of the major reasons why overload problems exist. Many of them can be overcome through effective goal and objective setting and often immediate steps can be taken to reduce their effects significantly.

Typically, when a manager is experiencing a serious overload problem, either the organization undergoes a structural reorganization, or the manager is asked for his resignation. These 'solutions,' however, are appropriate in only a minority of cases. More often than not, they do not provide adequate answers but result in problems being temporarily swept 'under the carpet' only to reappear sometime in the future.

A better way to deal with management overload involves taking the time to identify any management problems which exist and to clearly establish the probable causes. Once the probable causes have been identified, some alternatives for the solution of these problems can be identified and the best alternative selected. Objectives can then be set to implement the solution. If necessary these objectives may include interaction with other managers to solve mutual problems.

Once the major management problems have been solved, specific, measurable objectives in ongoing areas of operation should be helpful in creating more effective management. The information system should be gradually improved as new processes are introduced.

This is not a typical treatise on the management of time because the problems which create overload are deeper and more fundamental to management than those usually identified by efficiency experts. Some of the problems identified through the suggested procedure will, of course, be symptoms rather than basic causes. Others will not be solved without help from other sources. The main goal, however, is to find the real reasons for management overload and to eliminate those causal factors, either through the improvement of management processes or, where necessary, through the hiring of more or better qualified staff.

Introduction

The goals and objectives management system provides the manager with tools to deal effectively not only with the day to day operations within his sphere of influence, but also with the wide variety of unique problems which constantly confront him. The latter is accomplished with a two stage process of problem identification and problem-solving. This paper looks briefly at LGMP experiences with this process, then investigates the steps involved in each stage. Finally, two examples of the way that the process was put to use in the Project Municipalities are presented.

LGMP Experience

From the outset of the Project, the process described in this paper has resulted in significant management improvement, and in progress being made towards solving problems, some of which had existed for years. For this reason, every manager in the Project Municipalities was encouraged to hold problem identification workshops with his subordinates. These workshops often coincided with early goal and objectives training so that initial objective setting frequently related to problems which had been identified.

A Project Team member would usually sit in on the initial problem identification workshops to provide some guidance to the participants. Frequently he would have to help a manager who had considerable feelings of defensiveness, particularly when his subordinates made suggestions as to how he could improve his management effectiveness. In fact, the most difficult problem facing the Project Team at these sessions was to try to develop open communication both vertically and horizontally. As a result of their experiences with elected bodies, municipal managers tend to be very sensitive to criticism and tend not to take risks in openly expressing opinions. The Project Team member often had to intervene when it became evident that the reactions of the senior manager were unintentionally restricting the openness and frankness of his subordinates' input.

Properly handled problem identification meetings gave rise to several benefits. Employee morale was generally improved when they were given the opportunity to identify factors which were hampering their effectiveness and to suggest ways to overcome the difficulties. These workshops provided extremely valuable information to senior managers — information they might

never have received through formal channels. They not only learned about the details of the operation they were overseeing and some of its problems, but they also became aware of the strengths of their units and the desire of their subordinates to increase their own and hence the whole unit's effectiveness.

Of course, once problems had been identified and their root causes determined, action had to be taken to counter those problems. Once employees became involved, their morale would certainly not remain at a high level if they did not see steps being taken in response to the problems identified. The problem-solving procedure, advocated by the Project Team and used successfully in the Project Municipalities, involved setting objectives, looking at alternatives, choosing a course of action and setting out the steps or activities required to carry it out. This process is described in greater detail following the section below on problem identification.

Promoting Effective Problem Identification

Every manager should involve all of his subordinates in general problem identification. If their areas of responsibility tend to be similar or overlapping, which is common, it is probably best to have them participate as a team. Only if their areas of responsibility are distinct and have little in common, should the process be carried out with individuals.

The manager must make it clear that he is open to all suggestions and that the people involved should feel free to make any comments they feel will be helpful. Throughout the process, the manager must convey the feeling that he values the input of his subordinates, that he is going to listen and take action where appropriate, and that he will explain his reasons when it is not.

The following steps are suggested for the problem identification process.

- 1 The manager should ask each participant to identify every job-related factor that is preventing him from doing the most efficient and effective job possible. All of the consequences of each problem should be identified. It is also wise to have participants identify management strengths and the things which are going well. In this way any changes that are made can be designed so as not to interfere with positive aspects of the operation.
- 2 The manager should work with the individual or

group to try to identify the root causes of the problems. To help to identify the boundaries of the problem, participants should ask themselves the following questions.

What is the specific problem? — What is not a problem?

Where does it occur? — Where does it not occur?

When does it occur? — When does it not occur?

How is it affecting my work? — The work of others?

What are the possible causes? — Which of these can be eliminated?

What is the most likely cause?

- 3 The participants should then attempt to formulate solutions based on the root causes identified in step 2. Often an attempt to identify solutions will reveal that the problem itself has been improperly stated, in which case step 2 must be repeated. Solutions suggested for problems which involve other organization members will be tentative and may not meet with the approval of others involved. This should not deter from the generation of potential solutions at the problem identification meetings because the observations made at problem identification workshops may be potentially useful for later problem-solving as described below.

In attempting to generate solutions, participants should be encouraged to be imaginative and to make alternate assumptions about various possibilities. This process is considered in more detail in the next section.

- 4 The manager must then carry the problem to the appropriate level where a decision can be made, and actively promote the need for solution. He can advance the tentative solutions devised by his subordinates and must show the utmost good faith in carrying out his part in the solution.

Each participant should be encouraged to carry out a similar process with his own subordinates.

Problem-Solving

The development of a comprehensive problem-solving process also needs to be considered thoroughly. It obviously plays a very important part in the whole of the identification process as described above. There is no point in identifying problems if effective solutions cannot be found.

Problem-solving, in the local government context, is often a delicate matter. In many cases, council or some other department or division will be a part of the problem. The manager cannot solve the problem on his own and the administrative machinery for the organized resolution of such problems may not exist. Inter-departmental co-operation is often so poorly developed that there is no recognized procedure for solving those problems which do not fall directly within the area of responsibility of a particular department.

What is needed, of course, is the introduction and ac-

ceptance of a problem identification and solving process at each decision-making level in the municipality. The voluntary involvement and co-operation of every manager is essential to its success. The following steps are suggested for finding solutions to problems that have been identified.

- 1 The first task in solving any problem is to clearly determine what objectives are to be accomplished by the solution to be selected. If the root causes of the problem have been properly identified and the objectives of the solution are clear, the most important steps toward a successful resolution of the problem have been completed.
- 2 There will usually be a number of possible ways to accomplish all or most of the objectives established. As many alternatives as possible should be identified and the relative costs and probable benefits of each determined. Some possible solutions may have been identified in the problem identification stage as indicated in the discussion in that section.
- 3 The problems posed by the various alternatives should be identified. Sometimes an otherwise acceptable solution would create a problem which would be simply unacceptable or unsolvable given the present political environment or physical and budgetary limitations.
- 4 Select the alternative which will best accomplish the stated objectives considering both effectiveness (or benefit) and costs.
- 5 When the solution chosen requires action or approval by a higher authority, it is the duty of the senior manager to bring the problem, objectives and his unit's proposed solution, to the attention of the appropriate decision maker.
- 6 Once a course of action has been chosen, objectives should be set for its implementation and an action plan devised with the participation of the people who will be involved. The procedure to be followed in the case of a support service is outlined in paper 18. When council is involved, an administrative submission will, of course, be necessary and it is very important to be sure that councillors understand the dimensions of the original problem. Where basic management training is required, the modules suggested in paper 6 may be relevant.

If other departments or divisions are involved in the problem or the solution, they will need to be included in steps two through four. Step three, in particular, must be carefully considered when other units are involved.

Two 'Real Life' Examples

This section presents two examples of how the processes described above have been used by local government managers. The first deals with an inter-branch problem within a department while the second concerns a broader based problem, requiring the involvement of other departments and council. The names of the groups involved have been disguised but the problems and their solutions closely parallel experiences in two of the Project Municipalities.

Problem 1

One of the major problems elicited from participants at a problem identification workshop in the Building Branch of the Department of Parks and Recreation was the strained communications and ineffective working relationship existing between themselves and the Programming Branch of the same department. Several aspects of this problem were identified:

- 1 inconsistency in plans and projects as defined by the two branches;
- 2 long delays in obtaining approvals for Building Branch projects;
- 3 poor information flow to the Building Branch concerning projects about to begin, changes in plans, and reasons for the changes; and
- 4 blame being attributed to the Building Branch for errors in planning and design made by the Programming Branch, particularly when site plans had been drawn up without the benefit of onsite inspections.

In a problem identification workshop, the Building Branch identified the cause of the problem as poor planning and communications on the part of Programming, meagre efforts to obtain quick approvals, and their tendency to shift the blame for the resulting construction delays to the Building Branch.

In thinking about possible solutions to the problem, three important facts were recognized by the change agents:

- 1 the Programming Branch had not been heard from;
- 2 there was a new Commissioner of Parks and Recreation; and
- 3 attempts to solve problems through direct communication between the branch heads had not been very successful in the past.

A Project Team member worked with the two branches in the following manner.

- 1 The first step was to ensure that the problem had been adequately and accurately defined. As indicated in *Paper 18 Developing Effective Support Services*, a primary requirement when a support service is being considered is an accurate definition by the user, in this case the Programming Branch, of the objectives they had which involved the support branch. The supplier, in this case the Building Branch, also needed to define clear objectives for the service they supplied.
- 2 The second step was to bring the two branch heads together, but since they had experienced some problems in working together in the past it was decided that the new department head should also be involved.

It quickly emerged that there were no inherent conflicts between the objectives of the support and service branches. Thus it was evident that it was the program of implementation that was at fault. Deciding not to dwell on past failings of the system, the two branch heads decided to take a positive approach

and to define procedures and responsibilities for the implementation of joint projects in the future.

- 3 The department head and the two branch heads were able to discuss the various alternatives for responsibility, e.g. whether the Building Branch or the Programming Branch should take responsibility for initiating the projects, designing the projects, costing the projects, recommending the projects to council, etc. Again, they experienced little difficulty in reaching a consensus in these areas and the alternatives chosen suited the objective of each branch. Cost/benefit factors had little evident impact upon the decision because it was the relative efficiency of implementation rather than the type of process which would influence cost.
- 4 At the insistence of the change agent, responsibility for the design and publication of the procedures necessary to put the solution into effect was assigned to particular managers in both branches. A subsequent meeting was scheduled to review the new procedures once they had been published.
- 5 At the time scheduled for the review of procedures, one of the branch heads had not completed his preparation. The department head, who was impressed with the potential of the new procedures, attended that meeting and firmly informed the offending branch head that he should have the procedures ready in two days time. At the subsequent meeting, the new procedures were agreed upon by both branch heads and a date for a subsequent review of the effectiveness of the procedures was set.
- 6 The procedures were implemented in two projects which were then underway and in the initial stages of a third project.

Problem 2

The following problem was stated during a problem identification workshop in the Construction Division of an Engineering Department.

'Delays in going to tender for major projects until the budget is approved means that facilities planned for summer use are not completed until fall and then sit idle until the next summer. In some such cases tenders allow such a short time for work completion that private companies will not attempt to meet deadlines. Thus, city engineering staff undertake the projects creating internal overload problems with the result that some other aspect of city work must suffer.'

The overall result of the long budget approval process included both loss of use of facilities and extra cost.

STEPS TOWARD SOLUTION

- 1 The problem — was clearly identified as resulting from two causal factors:
 - a the late approval date of the budget; and
 - b the fact that new projects could not be initiated until the budget had been approved.
- 2 The objective — was to develop a process whereby

important projects could proceed at minimum cost and with maximum utilization of facilities.

A number of factors affecting the solution were identified.

- a Council must retain control over all major expenditures
 - b Projects have different priorities and therefore very different potential for approval by council
 - c The budget approval process is influenced by the amount of Provincial Government grants available. These are often not known until late in the year, but reasonably accurate estimates can be made
 - d City department heads could establish a list of priorities for each department for early council consideration and approval, which, given a stated council policy on expenditures, would enable the department of engineering to proceed with higher priority construction projects and equipment tenders.
- 3 Alternatives — The only possible solution, given the constraints, was to establish a system in which high priority projects were granted prior approval. This would not necessarily meet the objective, stated in 2 above, for lower priority projects where eventual council approval was in doubt, but, given a list of priorities, the cut-off decision would lie in council's hands. Blanket approval of all projects would have involved too much risk of over-spending and would remove discretionary power from council, while retaining the existing system would result in a continuation of the problems and costs already identified.
- 4 The solution — involved the establishment of a system in which each city and regional department requiring new equipment or construction projects:
- a determined the anticipated cost of the project or equipment in conjunction with the relevant division of Engineering;
 - b placed a departmental priority on the new project or equipment relative to other budget items; and
 - c submitted those priorities to council for consideration and revision of priorities by a stated date.

Council could then give early approval, by a stated date, to a certain percentage of those items (depending upon financial predictions). This would indicate which construction projects should be undertaken by Engineering staff. The Finance Department could

estimate the likely amount of Provincial grants and could present an estimate of the total city budget with a probable project cut-off point, based upon council's pre-established general budget policy.

This process was really an early approval process for the major parts of the budget, leaving minor, questionable, and low priority items to a final approval stage.

- 5 Other departments and divisions were invited to a meeting where the Construction Division's proposed solution was discussed. Those departments and divisions gave their approval and the Finance Department head assigned responsibility for its part of step 4 to his budget officer.
- 6 The new process was submitted to council for approval.

Summary

Effective problem-solving in the local government context is a two stage process. The key to the process is the first stage, problem identification. Stating the problem clearly and obtaining agreement on its basic causes can be very difficult but is crucial if an effective solution is to be found in the second stage. Because it is difficult and time consuming many local government managers try to get by without such a formal process. One result is that some problems are never dealt with. As well, many of those that are dealt with are never satisfactorily solved because the manager has concerned himself with the symptoms of the problem rather than its root causes.

The other essential ingredient of the problem identification and solving process is the active participation of the people who are involved in the problem and its solution. Without their assistance the root causes may be difficult to ascertain, a fertile source of possible solutions is lost, and commitment to the ultimate plan of action is not likely to be high.

The steps outlined in this paper may appear to the reader to be mere common sense. While this may be true, any local government manager could assure the reader that, what appears to be common sense on paper, is far from common in practice. The process advocated by the Project Team takes time, and requires discipline and openness to suggestions and to change, on the part of the manager plus an ability to see things from the perspective of others. It is a difficult process to master. The experience of the LGMP indicates that the time and effort required are worthwhile.

Introduction

Although the LGMP process was directed at all aspects of management, and attempted to incorporate developments in a number of fields, it was, especially in its early stages, a change program based primarily on goal and objective setting. Besides providing a starting point for the change program, the goal and objective setting process made possible a constructive approach to problem identification (discussed in paper 8) and served as the foundation for the strategies for improving management structure and processes outlined in Part IV. Because goals and objectives have a central role in general management development it is important to look at the initial implementation stage of the goal and objective setting process and its place in the overall program.

This paper explains the process of goal and objective setting as it was developed by the LGMP staff. It begins by defining goals and objectives, as these terms were used for the purposes of the Project, and outlines the different levels at which goal and objective setting takes place at different stages of the initial implementation.

The paper then examines the goal and objective setting process from the perspective of the individual manager, and breaks objectives down into four different types according to different management needs. Finally, the potential contribution of the recommended process to organizational effectiveness is discussed.

1 Municipal Goal and Objective Setting

Municipal goal and objective setting is a system of planning and evaluation wherein overall goals and objectives are specified for the system. These are then translated into specific objectives for the various parts of the system. Following an agreed upon period the achievements are compared to the original objectives to measure progress towards the expected results. New objectives are determined for the next time period using previous accomplishments as a guide.

The effective use of goals and objectives involves a comprehensive and all-inclusive system of management. All the well known functions of management are part of the system including planning, co-ordinating, directing, operating, controlling, and evaluating results. Delegation of authority, in order to maximize the contribution of everyone in the organization, is a crucial aspect of the system, as is an effective information system.

Goals

A goal is a general statement which describes the purpose and direction for a system, an organizational unit, or a single position. Goals identify the mission of the system, its reason for existence, and are typically derived from an identification of the needs of the individuals and the society which the system services.

They identify the key areas in which decisions must be made and where results are important. These 'key result areas' include not only the actual service or support function to be provided, but may also include such areas as allocation of decision-making responsibility, the improvement of co-operation and communication and the up-grading of human resources.

Goals should:

- a provide direction for management without necessarily being attainable or directly measurable. They should provide the broad perspective within which a manager, management team, or decision-making body, is able to set more specific targets and determine priorities;
- b be narrow and specific enough to provide a basis for setting measurable objectives which indicate the level of achievement without involving exhaustive detail;
- c answer the question, 'What must this managerial level do (and how many things must it do) to perform its function in the organization?' The abstractness or generality of goals will vary with the management level (being more specific the lower the managerial level).

Objectives

Objectives, which are derived from goals, are specific statements of intention to achieve some definite target within a stated period of time. They are, therefore, measurable, and provide the criteria for evaluating the success of municipal programs.

Objectives provide the manager with more explicit direction for doing his job according to his broader goal statements. They enable him to organize his own efforts, and those of the people reporting to him, to accomplish the most important things first. Since objectives are expressed in concrete terms they will help managers to think more clearly about all aspects of their jobs, what resources they need and what they must do to get each job done. Because the objective setting process requires

consultation and co-operation between individuals, managerial levels and departments, it is an important impetus for improving co-ordination and communication throughout the organization.

Objectives should:

- a reveal when co-operation with other managers is necessary;
- b indicate what form the input of each manager should take;
- c highlight and help overcome problem areas, misunderstandings and conflicting goals and responsibilities by bringing managers together to identify exactly what each is trying to achieve separately and together;
- d provide each manager with a clearer picture of where his resources are going, and where they are needed most;
- e enable each manager to determine how well he and his staff are progressing in their own goal areas, and in relation to the goals of the organization as a whole; and

- f make each manager's own responsibilities clearer to him, and enable him to delegate much more effectively.

2 Levels of Goal and Objective Setting

Because management in local government is generally organized into five distinct levels, the different types of responsibilities and activities at each level will be briefly examined to indicate how they differ and where each level fits into the recommended strategy for introducing the goals and objectives management process. The five levels are:

- a the community or strategic level;
- b the municipal or corporate level;
- c the senior administrative level — chief administrator and/or senior administrative team;
- d the departmental level; and
- e the branch, division, and other administrative levels.

(Table I outlines in graphic form the initial goal and objective setting process and its requirements at each level.)

Table 1
THE LGMP PROCESS STRATEGY

Planning Level	Planning Tasks	Co-ordination	Review	Needed Managerial Skills and Processes
Community planning (strategic) Council and other community bodies. Other levels of government	Overall (strategic) Plan for the community Delineation of responsibilities			
Municipal planning (corporate) Council	Council goals and objectives and priorities Policy guidelines Specifying performance indicators	Municipal-wide programs Municipal-wide policies	Periodic assessment of performance Budget and other objectives	Assessing priorities Executive responsibilities Decision-making skills
Administrative planning Chief administrative officer and/or committee of department heads	Planning and allocation of resources and responsibility Policy needs Assistance in development of council goals and objectives	Cross-department programs Cross-department policies and procedures Organization structure	Assessment of overall administrative performance Determination of development and other needs	Overall administrative approach Problem-solving skills Conflict resolution skills Delegation
Departmental planning Department head and those reporting to him	Establishment of goals and objectives with priorities Specification of information needs Clarification of responsibilities Allocation of resources	Intra-department programs Requests for support services Supply of support services	Review of objectives Assessment of overall department performance Determination of training and other needs	Team approach Delegation Conflict resolution skill Problem-solving skills
Branch or division planning	Establishment of goals and objectives and resource requirements	Identification of mutual support needs and problems	Review of objectives Assessment of overall performance Determination of training and other needs	Team approach Delegation Conflict resolution Problem-solving skills

a *The community or strategic level*

Planning is of major importance at this level. Although goal setting at this level was not part of the LGMP as such, the development of LGMP processes throughout the administration and at council level brought to light the need for formal overall community planning and co-ordination. Such community planning would include the municipal council and other commissions, boards and agencies in the community as well as other levels of government. At the present time, strategic planning at this level is hampered by a lack of control and co-ordinating mechanisms within the community.

b *Municipal or corporate level*

At the corporate level in municipal government, goals represent all the broadly defined ongoing activities of the council in supplying services to municipal citizens. Because these goals are very broad, councils must also define a number of programs and broad objectives in each goal area to provide guidance to administrators.

The operation of the municipal departments depends at least in part on what administrators perceive to be the council's goals, broad objectives, and policy statements. Consequently these are very important at this level. On the other hand, the goals and objectives developed at the senior administrative and departmental planning levels which are based on greater familiarity with costs, conflicting demands and daily operation, are among the most important information councils can have in their efforts to set goals and broad objectives that are responsive to the community's needs. Communication and understanding between these two levels is therefore vitally important as each needs the other's input to formulate meaningful statements of goals and objectives. It is this mutual reliance that makes the decision of a starting point for introducing goals and objectives very difficult since it involves breaking in on what is essentially a cyclical process.

c *Senior administrative level — chief administrator and/or senior management team*

Goals and objectives at this level are primarily co-ordinative. They are associated with the development of better communication between departments, council and administration, and between the local government and the public.

The co-ordinating function involves the assigning of responsibility for new service requirements, the establishment of goals and objectives for cross-departmental programs, determining administrative

policy and procedures, developing mutual support roles among the various departments and identifying and improving areas in need of strengthening. Team work by managers at this level is especially important to enable them to analyze the effectiveness of co-ordination and mutual support services.¹ Through scheduled ongoing reviews of objectives at this level, managers can monitor the performance of the various departmental and cross-departmental programs, evaluate their effectiveness and recommend action when necessary. This team of top managers should also determine development needs throughout the municipality, including training, co-operation and career development.

After careful consideration, the decision was made to initiate the goal and objective setting process at the top administrative and departmental level so that senior administrators would be the first to be involved in the early stages of implementation. Starting the initial implementation at these two levels allowed the Project to take advantage of the continuity (compared to the two year term of office at council level) and management experience provided by senior administrators. As a result of starting at this level, the top administrators would be able to help council in setting corporate goals and objectives, and to influence the managers at lower levels to become involved in problem identification and goal and objective setting.

It was explained that once a good working knowledge of the process was attained at the senior management level, and departmental goals and objectives were developed, steps would be taken to involve council in the process of goal and objective setting.

d *Departmental level*

Table 1 outlines the planning, co-ordination, and review components of the goal and objective setting process at the departmental or department head level. Teamwork is important at this level for developing departmental goals and objectives. At this level the three main types of objectives are ongoing service, problem-solving, and innovative.²

To develop ongoing objectives it is necessary to improve the information available to managers. This can often be done by the managers themselves working together with their peers and subordinates to develop their own information system.³

As goals and objectives are developed at this level the managers can identify areas where better co-ordination is needed, as well as areas where improvements in managerial skills and processes are necessary. Also, identification of problem areas by the various operating departments highlights where there is a need for assistance from the various support departments (Finance, Personnel, Legal, Executive Services, etc.) in setting objectives to overcome the problems identified. The problem identification aspect of the process, for example, can point out training needs which require assistance from the Personnel Department.⁴

1 Example goals and objectives for a senior management team are contained in this publication as paper 19.

2 This classification is discussed later in this paper.

3 For a more detailed discussion of information and improving the management of information, see paper 12 in this series, and the LGMP publication *Systematic Approaches to Information in Local Government* to be published by February, 1978.

4 Example goals and objectives for an engineering department are attached to this paper.

e *Branch, division, and other administrative levels*

As the goals and objectives process becomes established at the senior administrative levels, it is possible to introduce it at other levels of the administration. The implementation strategy is similar at the branch and division levels to that described above. Ongoing, problem-solving, and innovative objectives are identified and action plans to accomplish the objectives are developed. Information, training, and support service needs are identified as part of the process, with managers at all levels concentrating on recognizing and overcoming weaknesses in communication and co-ordination. After the initial improvements in co-ordination and communication, managerial processes can be improved through the clarification of responsibilities and definition of objectives.

3 Goal and Objective Setting by Individual Managers

The individual manager is, of course, the foundation of the goal and objective setting process and as such determines its success. It is important, therefore, to look more closely at the role of the individual manager in the process and at the goals and objectives he sets.

The LGMP staff found that managers were motivated to set goals and objectives for several quite different reasons, regardless of managerial level. Because the implementation strategy described here was based on meeting the needs of each manager, it was important to identify these reasons and deal with them as part of the initial implementation. Managers' views of the LGMP process can be roughly grouped into five categories. These are described briefly below.

- a Some managers perceived goal and objective setting primarily as a control device to enable senior managers to have better checks and controls upon the activities of subordinates.
- b Some saw the process as a technique which would facilitate horizontal and vertical communication throughout the organization.
- c A number of managers believed there was some motivational potential in allowing managers to set their own objectives and thereby to control their own jobs to a greater extent. Some of these managers also advocated teamwork as a better way of achieving organizational goals.
- d Still other managers recognized objective setting as part of a problem identification and problem-solving technique to be used by all managers. Thus organizational effectiveness could be improved by making use of all the talents available in the organization.
- e Finally there was a group of managers who were looking for better methods of appraising managerial talent to ensure that the 'right' managers were promoted and otherwise rewarded for their inputs to the organization.

While all of these reasons for undertaking goal and objective setting are valid to some extent, there is a good deal of inherent danger in emphasizing the control aspect, or in attempting to convert the achievement of

objectives directly into measures of performance. Using the goal and objective setting process for these purposes may detract from its effectiveness in terms of the other three, which the LGMP staff feel are of primary importance. Thus the LGMP staff attempted to emphasize the use of goals and objectives to improve communication, to motivate managers, encourage teamwork, and to identify and solve problems.

Setting goals and objectives

In the case of individual managers, goals are statements of categories of ongoing activities which a manager must carry out if he is to do his job successfully. They differ from his purpose in that the purpose represents the reason for the existence of his job or level of management. Goals represent the continuous activities that must be carried out if the job is to be done. Goals, therefore, include the manager's role in obtaining personnel and other resources, in co-operating and co-ordinating with other managers, and include the roles which he must play in carrying out both support and service functions.

Setting goals for himself and his unit is an important part of the manager's task since they define areas of responsibility, the general direction the work should be taking, and how the unit's efforts contribute to the services provided by the municipal government as a whole. The manager's goals are set with the guidance of council or senior administrators, and usually in consultation with his next senior manager.

Setting objectives can be more difficult because general statements of intention must be translated into specific plans for concrete action, and there must be a commitment to an achievement of these objectives by a definite date. Because objectives deal with the details of his operation, they are the individual manager's responsibility, and require careful thought.

The steps each manager should take in setting his goals and objectives are described in detail in paper 10 in this book. Generally, however, before a manager begins to set objectives he should think carefully about the following issues.

The manager should be perfectly clear about what he is responsible for and the points at which his responsibility interfaces with that of other managers. This usually requires a meeting with the manager immediately senior, and other managers at the same level who interact with him. This meeting should concentrate on the co-ordination and integration of responsibility at the different levels, and across the unit.

Once the responsibilities of a manager have been clarified, he must think carefully about his total job, his goals (or the key result areas in which he makes ongoing decisions) and the resources and techniques available to him.

Since the manager may be setting different types of objectives for each goal area, it was recommended that he first deal with *problems* he and his subordinates are encountering, then try to improve his management in

ongoing areas of activity and then try to think of innovations or new approaches to managing his job which would make him more effective in achieving his purpose. Finally a manager should align the above with his own *personal objectives* that he sets for his development. Each of these areas will be dealt with in turn.

a SETTING PROBLEM-SOLVING OBJECTIVES

Because the identification of problems is most effectively carried out by a manager working with the people who report to him,⁵ every manager should ask himself the following questions, when he undertakes to set objectives designed to solve problems.

- i What is preventing him from doing the most effective job possible? (Identify such problems clearly and explicitly.)
- ii What is the most probable cause (or causes) of the problem or problems he has identified?
- iii What can he or someone else do to overcome the problem or problems he has identified?
- iv What specific objectives (time and activity) can he set to overcome those problems? (It may be necessary to work with managers in other divisions or departments to overcome some problems. A manager may be able to do this by contacting them directly or by working through the person to whom he reports. Where others are involved, he should clearly identify the problem to them and obtain input from them. He should take care, however, to remain problem oriented rather than personality oriented and avoid attaching blame for the problem he has identified. He would also be wise to obtain input, especially from the people who report to him, since they are better able to suggest ways and means of overcoming problems because they are more directly involved with them.)

b SETTING ONGOING OBJECTIVES

Ongoing objectives are specific targets which the manager sets to improve the effectiveness and efficiency of the unit for which he is responsible. Improvements in cost effectiveness, more output per person or from the group as a whole, and higher quality services are categories in which ongoing objectives might be feasible. A procedure that a manager might follow for the setting of ongoing objectives includes the following.

- i Work with the people who report directly to him, and obtain input from users of his service to determine what they think of the service he is providing. This type of client reaction provides a base from which he can set objectives for improvement.

- ii Ask himself and the people who report to him whether everything he is doing is really necessary and then set objectives to eliminate unnecessary tasks or procedures.
- iii Determine where improvements in service are needed (with input from users) and where improvements are possible (working with people who report to him).
- iv Set targets for improvements in service delivery or cost of service during the next review period (probably six months to a year depending upon the type of service and the degree of need for improvement).
- v Review and confirm objectives to maintain present level of service delivery in areas where he feels improvement is not necessary.
- vi Determine whether he is obtaining the information necessary to tell him if his objectives are being achieved, and improve the quality of that information.

c SETTING INNOVATIVE OBJECTIVES

Innovative objectives are specific targets which a manager might set for the development of new methods, techniques, or equipment to improve the delivery of the service he provides. New techniques for construction, new organizational structures, new paperwork formats, new ways of doing a particular job, enlargement or enrichment of the service provided, new management techniques and different approaches to dealing with ongoing problems, are all areas where innovative objectives might be set. Input for innovative objectives may come from users of his services but are more likely to occur to him or to members of his staff. Frequently new members of his organization (even though they are inexperienced) are a source of innovative ideas for change.

Once the idea has been generated and the manager concludes that it is useful (cost and human resources considered) he can set some definite objectives for incorporating the new idea. If major changes are intended, it is probably wise to involve his staff in planning the implementation of the change.

d SETTING PERSONAL OBJECTIVES

Personal objectives are objectives that a manager wishes to accomplish for his own advancement, growth and self improvement. They may involve obtaining wider experience through additional jobs, educational or practical upgrading (through technical, administrative, or human behaviour training) promotion or even transfer to another organization or part of the same organization. These objectives are personal, of course, but the manager can often obtain help from either the person to whom he reports or the Personnel Department, in setting and achieving such objectives.

Personal objectives, if they are realistic, are motivational in that they give a manager personal targets to strive for. If they are not realistic in terms of either

⁵ The LGMP staff feel that the involvement of teams of managers in problem identification and decision-making is such an important aspect of management that paper 8 is devoted to this topic. Because the process of problem identification has already been dealt with in detail in that paper, only a brief summary is provided here.

the organizational environment or his own ability, they can become a negative influence. They must, therefore, be set with some care.

4 Co-ordination and Integration of Objectives

Problem-solving, ongoing, and innovative objectives may often need to be set in areas where other managers must contribute in their achievement. Joint meetings to agree upon timing, procedures, and levels of service to be attained, are necessary under those circumstances.

To facilitate optimum pay-off from such meetings, it is necessary for each of the parties involved to have clear objectives, prior to the meeting, of what they wish to achieve in the relevant service area. Once the needs and desires of all of the managers are more evident, co-ordination and co-operation are more easily attained.

Joint objectives, in addition to requiring the specification of targets and measures of achievement, require that each manager outline his specific input (activities) and the timing of that input. Communication between managers regarding either delays or early achievement of objectives is very important where joint objectives are involved so that appropriate action can be taken.

5 Management Information For Objective Setting

Appropriate management information is crucial for setting objectives. This information may come partly from a formal system, but in any organization it is largely gathered informally and is obtained by each manager as an ongoing activity.

Improving access to information is a particularly important area for a manager's objectives because accessibility to information is vital to his ability to manage by the objectives he has set. These objectives may involve the improvement of the financial information he receives, in which case they become joint objectives with the finance department. On the other hand, they may involve the obtaining of better performance information from the people who report to him, or better information regarding potential changes in the demands placed upon him from the person to whom he reports. Effective transmission of information is a crucial aspect of an effective management system.

6 The Contribution of Goal and Objective Setting to Organizational Effectiveness

The value of the goal and objective setting process to the organization cannot easily be measured. Controversy surrounds the definition of organizational effectiveness and the extent to which changes in effectiveness can be estimated. This part of the paper, therefore, discusses the characteristics to which the LGMP process was designed to contribute, and how the initial implementation strategy can affect its success.

Since the process has not been fully developed in any of the Project Municipalities at this point, none of them can point to optimum gains in effectiveness in all of the areas identified and certainly not in all parts of the organization. Where the process has been accepted and a sincere attempt has been made to implement it, how-

ever, considerable gains are apparent in at least some areas.

The goal and objective setting process was intended to help council members and managers build an organization with the following characteristics.

- a A clear, well established purpose and definite goals calculated to achieve that purpose by providing direction for organizational efforts.
- b Well established short and long term targets or objectives in each goal area. Each manager of each unit within the organization should also have well established goals and objectives for his own area of responsibility.
- c The ability to accomplish those objectives in the most economical manner possible.
- d Open horizontal and vertical communication to facilitate mutual understanding, trust, voluntary co-operation and unrestrained identification of problems within the organization.
- e Mutually established and understood processes and procedures for co-ordination, joint attainment of objectives and mutual support services and activities.
- f Assignment of responsibility to individuals and provision of the opportunity for each individual to contribute to problem identification and decision-making within the organization in an optimal way – thus maximizing the individuals' contribution to the organization and, at the same time, providing intrinsic rewards from the involvement.
- g Opportunities for individuals to improve their potential to contribute to the organization by providing them with:
 - i rewards for productivity;
 - ii control over their own work when possible;
 - iii a knowledge of where they stand and what is expected of them – (positive pressure to perform);
 - iv the definite plans and objectives of the organization;
 - v recognition and respect;
 - vi an opportunity to work toward increased organizational effectiveness.
- h A process for clearly identifying those problem areas or constraints which are preventing the members of the organization from making an optimal contribution to organizational objectives.
- i The ability to readily adapt to changes in the environment or to new requirements for service.

Summary

If any solid conclusion can be drawn from the LGMP experience it is that a comprehensive program of problem identification is essential at all levels in an organization before effective objective setting can take place. The organization's purpose and goals must, however, be clearly established first so that the problem areas iden-

tified are goal related.⁶ This is the responsibility of top management in conjunction with council or, at lower levels, in conjunction with the other organizational units it serves.

Each sub-organizational unit must clearly establish its distinct area of responsibility and set goals and objectives to contribute to the larger unit of which it is a part. In establishing his goals and objectives the manager of each organizational unit should work closely with the managers reporting to him and other managers with whom he interacts.

If, and only if, managers can become sufficiently open to input from subordinates in terms of problem identification and contributions to decision-making, and if they can truly delegate, their use of goal and objective setting can result in a number of major contributions to what has been defined as organizational effectiveness. These contributions are as follows.

- a The sub-managers are able to use their abilities to contribute to the organization.
- b Managers throughout the organization have the motivational influences of:
 - i greater job control;
 - ii recognition;
 - iii responsibility;
 - iv challenge; and
 - v involvement.
- c There is a clear direction for the efforts of members of the organization.
- d There should be much improved communication and understanding as a result of work-teams at each management level.
- e There should be clearly assigned and understood responsibilities throughout the organization.

The LGMP team feels that improvements in these areas cannot fail to create a more efficient and effective organization. A major problem that has been encountered is the inability of managers to communicate openly with

their subordinates and thereby to obtain optimum input from them to both problem identification and problem solution. Frank developmental discussions between managers and the people who report to them are relatively rare. Application of the goals and objectives structure may help to improve that situation.

The main management improvement role of the LGMP is in assisting managers to work together more effectively and in helping them to recognize, identify, and solve problems affecting the quality of municipal services. Clear identification of programs, measures of managerial performance, improved support services, greater employee satisfaction, and more adequate communication and information systems should all emerge as a result of the integrated process which begins with goal and objective setting.

The strategy adopted by the LGMP, of developing understanding of the process at all administrative levels and spreading expertise from the top down, seems to have been fairly successful. In retrospect, greater council interest from the outset of the Project would usually have been desirable, although council involvement in goal setting should probably wait until top administrators are familiar and comfortable with the process.

⁶ Paper 8 in this series is devoted to the process of problem identification. Basically, this process requires that individuals throughout the organization be personally involved in problem identification, the problems they identify must be treated seriously, and they must be provided with feedback about the organization's response to the problem.

Goals of an Engineering Department

Purpose

To provide and manage physical assets of the Corporation and to protect the physical environment of the city.

Goals¹

- 1 To provide and manage municipal housing.
- 2 To provide and manage systems of waste control.
- 3 To protect persons and property from flooding, explosion and undesirable business activities.
- 4 To provide and manage land, buildings, vehicles, and equipment for municipal purposes.
- 5 To provide and manage road, pedestrianway and parking systems.
- 6 To provide and manage municipal markets.
- 7 To provide and manage municipal parks.
- 8 To ensure the use of effective management practices within the department.
- 9 To recommend policy and to ensure that directives from council are related to the activities of the department.
- 10 To ensure the provision of legal advice and legal protection relating to departmental actions.
- 11 To ensure the provision of financial information necessary for budget preparation and expenditure control.
- 12 To ensure the provision of staff and staff training to meet the needs of the department and the provision of incentive and motivation for career development.
- 13 To ensure public support and/or understanding of the department's programs.
- 14 To ensure inter-departmental co-operation and co-ordination in the pursuit of city goals.
- 15 To maximize the acquisition of subsidies and grants in keeping with council policy.
- 16 To ensure the provision of necessary accommodation, equipment, supplies and maintenance services to support the activities of the department.
- 17 To ensure inter-branch co-operation and co-ordination in the pursuit of departmental objectives.

Goals and Objectives of the Branches of the Engineering Department²

Department Goal 1

To provide and manage municipal housing.

HOUSING BRANCH GOAL

To provide municipal housing.

ONGOING OBJECTIVES

- a To prepare monthly reports on the status of requests for grants for eligible units under the Federal Housing Action Program.
- b To prepare quarterly reports on the status of requests for grants for eligible units under The Ontario Housing Action Program.
- c To maintain the city's position (i.e. a 3% vacancy rate in the City's rental housing) with respect to housing, through a quarterly review of the CMHC Housing Report.

ONE TIME OBJECTIVES

- a To construct 700 new housing units and acquire 330 additional units in 1976.
- b To acquire \$2 million worth of land for housing purposes in 1976.
- c To participate in a housing study with the Planning Branch and to recommend a housing policy designed to meet the needs of the residents of the city.

Department Goal 2

To provide and manage systems of waste control.

SEWER BRANCH GOAL

To maintain a public sanitary sewerage and storm drainage system.

ONGOING OBJECTIVES

- a To undertake all normal sewer maintenance programs related to:

1 This is an unusually explicit and detailed set of goal statements. The first seven goals could be regarded as the service goals of the department which were essentially delegated to branches, while the latter ten goals were concerned with co-ordination, integration, and the management of departmental resources.

2 Goals and objectives for a number of branches of the Engineering Department have been related to departmental goals. The following represents example goals and objectives only. They may not reflect goals and objective currently in effect.

- i sewer cleaning with hydrojets (all sanitary and combined sewers once every 3 years);
 - ii pumping stations and alarm systems (all stations inspected 3 times per week);
 - iii keeping in good repair all appertenances and mains as per yearly inspections by the Roads Maintenance Division.
- b To develop annually a sewer maintenance performance program based upon work required under the approved quality standards within the budget allocation within 20 days of demand.

ONE TIME OBJECTIVES

- a To investigate and implement, where possible, further reductions in the wage-earning crews through reducing the number of men from 3 to 2 on the three maintenance trucks and on the two hydrojets, and reduce the number of men on the two supply trucks from 2 men to 1 man by _____.
- b To investigate the possibility of further savings through abandonment of the rodding service presently provided by the city with respect to private building connections (subject to approval of revision to the sewer by-law) by _____.
- c To prepare necessary revision to sewer by-law and implement new policy by _____.
To revise bulletin to drain contractors re drain permits by June 30th, 1976.
- d To develop and implement a five year program of cleaning all sewers 18 inches in diameter and less.
- e To finalize program presently in progress of a special attention recording and action system by _____.
- f To review and revise quality standards for sewer maintenance annually.

Department Goal 8

To ensure the use of effective management practices within the Department.

ADMINISTRATION BRANCH GOAL

To maintain the newly centralized departmental records management system.

ONGOING OBJECTIVES

- a To provide a daily microfilm follow-up system to each branch on all correspondence remaining unanswered for 10 days. Provide the commissioner with a secondary follow-up system on all correspondence remaining unanswered for 15 to 20 days.
- b To provide monthly revisions to all holders of the filing system index book.
- c To co-ordinate the development of the file system by creating, or eliminating, files within 2 days of a request for action.
- d Co-ordinate the compatible use of primary, secondary and coding devices and file titles interdepartmentally as new files are created.

ONE TIME OBJECTIVES

- a To complete revisions to, and the installation of, the

file system for the department by 1st September, 1976.

- b To assist with the establishment of the standardization of the file system between the Engineering and other departments prior to and during its development and reduce to nil the discrepancies between departments.
- c To conduct a minimum of 5 instructional briefings during 1976 to users of the new file system.
- d To introduce into service a standard manual of instruction for secretaries, including related briefings, by 30th September, 1976.

Department Goal 4

To provide and manage land, buildings, vehicles, and equipment for municipal purposes.

EQUIPMENT CONTROL BRANCH GOAL

To manage an equipment provision and preventive maintenance service for all civic departments and specified affiliated agencies in accordance with their agreed and approved priorities.

ONGOING OBJECTIVES

- a To maintain and update annually the truck registry used for rental of private equipment for snow removal.
- b To revise annually by May 1, the rental schedule for mechanical equipment from private industry.
- c To implement a training scheme for all equipment and vehicle operators and to conduct a driver-training session on automatic transmissions in heavy trucks by November 15th, 1976.

ONE TIME OBJECTIVES

- a To develop and implement the system for the charging out of equipment on a flat-rate basis by ____.
- b To develop a plan to phase out City owned graders provided that such equipment is available on a rental basis from private industry by _____.
- c To implement the procedure to extend the present interval between preventive maintenance checks on City vehicles and equipment by _____.
- d To prepare a re-submission in the capital works budget for the provision of a storage facility for City equipment by _____.
- e To seek budget approval for the proposed electronic (credit card operated) fuel management system for dispensing fuel by _____.

Department Goal 5

To provide and manage road, pedestrianway and parking systems.

ROADWAYS BRANCH GOAL

To administer the disciplines necessary for the design and construction of roadways, walkways, traffic control systems, bridges and related works.

ONGOING OBJECTIVES

- a To implement all approved area traffic plans by November 15th annually.

- b To complete the City's annual railway fencing program by November 15th.
 - c To develop the transportation system portion of the Engineering and Surveys Branch capital expenditure program, minor capital program and a 5 year capital expenditure program, by November 1st, annually.
 - d To develop the transportation system portion of the Engineering and Surveys Branch works-in-progress capital program by December 31st annually.
 - e To update the statistical data pertaining to the City's street network by February 1st, annually.
- b To prepare procedures to be followed with regard to applications for private approaches and temporary encroachments as per city by-law by _____.
 - c To recommend a policy on the requiring of letters of credit in lieu of performance bonds by _____.
 - d To recommend a policy regarding escalation clauses in contracts by _____.
 - e To recommend a policy on sidewalk construction and reconstruction by _____.

ONE TIME OBJECTIVES

- a To prepare the Division's procedure manual by November 30th, 1976.

Introduction

For the reasons discussed in paper 9, the setting of goals and objectives by senior managers was the first step in the implementation of the LGMP. Consequently, goal and objective setting workshops were particularly important since they were the first training experiences of the program. This paper provides an outline of the LGMP introductory goal and objective setting workshops held with senior administrators.

The purpose of these workshops was different from that of the orientation workshops described in paper 4. The orientation workshops were designed to familiarize managers and councillors with various approaches to management development and to plan the general direction of the program in each municipality. The goals and objectives of these introductory goal and objective setting workshops, on the other hand, were as follows.

Workshop Goals

The introductory workshops in goal and objective setting had four goals:

- 1 to review the purpose, concepts, and form of a broadly conceived goals and objectives system;
- 2 to provide some practice in the setting of administrative goals and objectives at the departmental level;
- 3 to provide some insight into the problems involved and the procedures required to set integrated program goals and support objectives; and
- 4 to give senior staff sufficient knowledge of the goal and objective setting process so that they could complete a preliminary set of departmental goals.

Workshop Objectives

To accomplish these broad goals the workshops had a number of specific objectives. Having participated in them managers should be able to:

- 1 describe the use of a system of goals and objectives in a municipal context;
- 2 describe the essential elements of a goals and objectives system;
- 3 construct goal and objective statements and begin to develop the necessary indicators of objective accomplishment;
- 4 recognize the need for and characteristics of the necessary support information for the development of a system of goals and objectives;

- 5 recognize the need for inter-departmental co-operation and communication in the setting of departmental and program goals and objectives; and
- 6 decide upon a preliminary set of departmental goals plus support objectives for one goal area during the six weeks following the workshop.

Format of Workshop

Workshops were generally scheduled for one full day or two short days. The first half day was spent in discussing goals and objectives and their systematic use in local government. Administrators were invited to ask questions, and examples of goals and objectives at each level were made available.

In the afternoon, administrators were divided into small groups of four or five to develop goals for different departments and an objective for each goal area. In this way they were able to practice the development of goals and objectives.

In cases where only top administrators were involved, each group was asked to set goals for the same department. Both an operational department and a support department were used as examples. In these cases, the full afternoon was used to discuss the integration of mutual support service goals and objectives at the top administrative level. The way in which departmental goals contributed to the corporate goals of the municipality was also discussed. The following morning was required to provide time for practice in broad departmental objective setting and in obtaining administrators' input regarding the speed with which the Project should proceed. Two of the worksheets used are attached to this paper.

Content of Workshops

Background material was provided to the participants outlining the nature of goals and objectives and their benefits for managers. This included the definition of a number of terms which can often cause confusion. These definitions are as follows.

- 1 *Goal* — a goal is a general statement which describes the purpose and direction for the system. Goals identify the mission of the system — its reason for existence. Goals are typically derived from an identification of the needs of the individuals and the society which the system serves.
- 2 *Objectives* — objectives, which are derived from goals, are specific statements of what is to be accom-

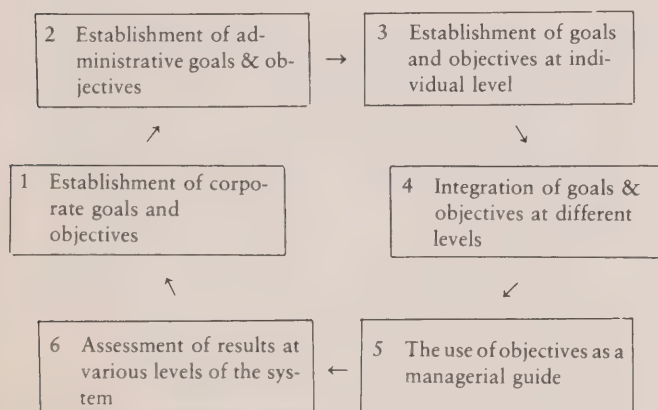
plished in measurable terms. They are stated in terms of some results which can be expected within a specified time period. Objectives provide the criteria for evaluating the success of municipal programs.

- 3 *Administrative Process* — the manner in which the objectives are used as an administrative guide during this period.
- 4 *Results* — the measured performance of the actual level of achievement of objectives.
- 5 *Indicators* — yardsticks by which results are actually measured.

The benefits which can be reasonably expected from using goals and objectives as a planning and evaluation process for the total municipal system, or parts of it, were also outlined as follows:

- 1 the overall purposes and general direction of the system become clearly stated;
- 2 specific statements of municipal objectives are established and programs are designed to meet them;
- 3 municipal priorities for the system and its components are identified;
- 4 the contribution of goals and objectives as components of the system can be clearly identified;
- 5 local residents, elected representatives and paid officials become involved in establishing the community's goals and objectives and thus become more committed to the accomplishment of the objectives;
- 6 the outcome or results of the community's programs can be more readily determined;
- 7 the determination of integrated objectives requiring co-operation between components of the system is possible and overlaps of responsibilities can be controlled; and
- 8 a municipal system and its subcomponents can be structured to most effectively achieve the goals and objectives which have been determined.

The following graphic illustration of the goal and objective setting process at all levels of the organization was used to give participants an overview of a system of goals and objectives.



When the nature and meaning of goals and objectives had been outlined and their benefits discussed, the

workshops continued with the practical aspect of goal and objective setting.

1 Goal Setting

The purpose and characteristics of effective goal statements were outlined to provide more basic material for the actual process of setting goals. The steps involved were listed to give managers as clear a picture as possible of goal setting activities for their own areas of responsibility. This material was important to give managers a firm understanding of the process with which they would be working.

PURPOSE OF GOALS

Goals are the broad inclusive framework which provide overall direction for the manager's efforts.

They identify the broad management decision areas in which results are important and can be measured. These 'key result areas' include not only the actual product, service, or support function to be provided, but also may include such areas as improved co-operation and communication and the improvement of human resources within the relevant organizational sector.

CHARACTERISTICS OF EFFECTIVE GOAL STATEMENTS

Goals should provide direction for management but they need not be stated in terms that are attainable or directly measurable. This means that:

- a goals must be specific enough to act as a guide to the setting of measurable objectives which will indicate the level of achievement in the relevant goal area;
- b the abstractness and/or generality of goals will vary with the management levels — being very vague and general at high level and more specific at lower levels; and
- c goals should provide an answer to the question, 'What must this managerial level do to perform its function or fulfil its role in the organization?'

STEPS INVOLVED IN SETTING GOALS

The following represents the steps that were suggested to managers at the goal and objective setting workshop.

- a With your superior, and, if possible, others at your working level, agree upon and clearly define your areas of responsibility and areas of joint responsibility. By including both superior and fellow managers in the determination of areas of responsibility, integration of effort should be easier and overlap should be minimal.
- b Once your area of responsibility has been defined, work with those people who report directly to you to identify areas where you must make ongoing management decisions to effectively fulfil your responsibility.

Including those individuals who report directly to you will serve three purposes:

- i they will be able to help to determine the goals to which they must contribute;
- ii they will be aware of goals at a higher level in the organization; and

iii they will be able to distinguish between your goals and their own support goals and will often be able to set many of their own goals during the process.

- c Construct goal statements to indicate the direction of your management efforts in each of these key result areas.
- d Review the goals which you have set with your superior, peers, and subordinate managers to ensure that they are inclusive, but not overlapping, and that they contribute to the goals which have been determined for the next highest management level.

2 Objective Setting

The next part of the workshop material dealt with objectives in much the same way as goals, and is included below.

PURPOSE OF OBJECTIVES

Objectives provide the manager with specific direction for his efforts over a specified period of time.

The process of setting objectives:

- a reveals when co-operation with other managers is necessary;
- b indicates what form the input of each of the managers should take;
- c provides each manager with a control over resource allocation; and
- d enables each manager to determine how well he and his staff are progressing in their goal areas.

CHARACTERISTICS OF EFFECTIVE OBJECTIVE STATEMENTS

While goals give direction and establish what management is trying to achieve, objectives establish how it is to be achieved and how progress is to be measured. Consequently the following characteristics are necessary for an effective and useful objective statement.

- a It should be stated in terms of some expected result(s).
- b It should contain a measure of performance — an indicator. Indicators may be either quantitative or qualitative (usually related to attitudes). They may be measures of throughput or workload, efficiency, or effectiveness (for further detail see *Paper 17 Measuring and Improving Managerial Performance*).
- c It should contain the level of present performance as well as the level of desired performance.
- d It should have a time period associated with the level of desired performance. Objectives may be long or short term. Long term objectives may frequently involve a number of subobjectives. The achievement of these subobjectives will indicate the rate of progress toward the achievement of the more general objective.
- e The desired level should be realistic and attainable (see details on setting objectives).
- f The achievement of objectives will require a number of 'activities' or actions by a number of people. In the

planning phase it may often be helpful to state the activities required so that manpower and financial resources can be more effectively allocated.

STEPS INVOLVED IN SETTING OBJECTIVES

Setting objectives in municipal government is a difficult task and cannot be done either in isolation or within a short time. The following guidelines were suggested to managers as being helpful during the initial stage.

- a Working, if possible, with those managers who report directly to you, determine what you wish to accomplish in each goal area and construct a tentative list of objectives to guide your efforts (considering the characteristics of objectives as stated above).
- b Determine which of these objectives are possible, given the present human, material and financial resources of the organization. This will require (not necessarily in this order):
 - i placing priorities on the various objectives;
 - ii determining the approximate cost of achieving each of the objectives (within various time frames);
 - iii determining the probable resources available (this may require some subsequent decisions at a higher level. In the initial stages of objective setting, the list of possible objectives should exceed resources).
- c Discuss your objectives with your superior and with other managers at your level to ensure that those objectives contribute to the goals and objectives of your superior, and that they integrate successfully, with minimum overlap, with the objectives of other managers at your own level.
- d Select indicators to measure the achievement of objectives, using currently available information whenever possible. An information system may have to be developed or a present information system enriched before the achievement of objectives can be effectively measured. The most effective measures may be excessively costly, in some cases, and the use of less effective indicators may be necessary.

Summary

The format and content of these workshops was generally satisfactory. Managers were assigned the task of completing tentative departmental goals and of establishing at least one objective for each goal area by the time of the next workshop. The next workshop was usually scheduled within six weeks and the information which is outlined here was reinforced at that time.

The second workshop concentrated first upon a review of the goals which had been determined between workshops and then upon objective setting practice. Managers generally found the development of meaningful objectives to be very difficult, particularly in support service areas. These difficulties have led to a number of conclusions about developing strategy for goal and objective workshops in the initial implementation stage of the program. These are discussed below.

- 1 The LGMP staff found that managers at all levels needed a good deal of help in establishing objectives for their management responsibilities. Unless either the internal change agent or an external trainer had time to devote to workshops at each management level (unit head and those reporting to him), the process was not likely to be adopted in a useful way. Once managers actually began to use objectives to solve problems, however, they adopted this system of management and used it fairly effectively.
- 2 It was found advantageous to introduce goals and objectives as a means of solving problems. Consequently, the best way of introducing goals and objectives may be through a series of problem identification workshops. Such workshops enable managers to deal with the most critical problems in their areas of responsibility. By setting objectives to solve those problems, they are able to get rapid pay-offs from the process.
- 3 The organization of the workshop seemed to be an important element in its success. In those areas where a workshop was made up of department heads only, a number of advantages occurred if it was followed by one which included a cross-section of branch and division heads. These advantages included, the development of communication and understanding between managers in different departments, increased mutual feedback about the effectiveness of support services and integration of processes such as the budget. An understanding of the process and at least tentative senior management commitment to its objectives is crucial.
- 4 When departments have completed the initial goal and objective setting, department heads should then meet again to ensure that there are no conflicts in responsibility and that objectives affecting more than one department are understood by all concerned.
- 5 Because the workshops concentrate on developing a firm grasp of goal and objective setting some care should be taken to remind managers that producing good goal and objective statements is only the first step in the process of management development. It provides them with a tool, not with solutions.

These initial workshops are essentially the building blocks of the program. The first concrete step is to set the change in motion by ensuring that the basics of the process (goals, objectives, and their uses) are fully understood. Change agents should, therefore, be prepared to provide help to managers in identifying aims and problems that can be very complex and hard to pin down. Oversimplified statements of goals or objectives should be guarded against, since managers will quickly recognize situations which do not help them work toward solution of their daily problems and will lose faith in the process.

Well planned workshops, on the other hand, are invaluable to later developments in the process. Indeed, even before other improvements are incorporated these workshops provide a forum for managers, to meet and develop expertise in teamwork, to explain their problems to their colleagues, to gain a perspective on their job and its place in the organization, and thus to develop a constructive approach to solving problems and improving management processes. Probably the contribution such workshops make to improved communications between managers and to managers' communicative ability is as significant an accomplishment as any.

Attachment to Paper 10

OBJECTIVE STATEMENT WORK SHEET

Goal Area and Statement	Objective Statement and Levels of Performance (current and projected)	Comments (Measuring device, comparable data, etc.)

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POSITION DESIGNATION

Program (If Applicable)

Goal Area

Objective	Indicator or Measure	Schedule of Activities (to achieve objective)	Level Forecast/ Attained	Forecast Date	Completed

Part IV

As problems were identified through the techniques discussed in *Paper 8 Problem Identification and Problem-Solving*, various requirements for improved management structures and processes became apparent. As a result of the traditional independence of municipal departments and the relative lack of integrating mechanisms, support services and inter-departmental processes and procedures were generally inadequate. A number of techniques were developed by LGMP staff to promote improvements in the relevant areas. Each of these will be introduced in turn and will be covered in more detail in individual papers in this part of the book.

The Development of New Programs

Paper 11 Establishing New Programs discusses the advantages of using goals and objectives to establish new programs. An eight step procedure is presented to help managers evaluate, select and implement new programs that are both useful and necessary. The paper also describes an instance of the use of this procedure in a Project Municipality.

Using Information Effectively

A problem area in all organizations, and in municipal government in particular, is the development of effective information and communication systems. The effectiveness of many other major management processes, such as the budgeting process and the performance measurement process, are dependent upon good information systems.

In *Paper 12 Developing Information Systems in Local Government*, the LGMP staff attempt to outline the general characteristics of an information and communication system, suggesting various areas where changes and improvements might be made. The complete revision of an information system is a massive task. Piecemeal approaches may, however, accomplish even more without vast confusion or expense. An attachment to paper 12 discusses the revision of an information system from the perspective of the line manager. It attempts to indicate how individual managers might improve their effectiveness in obtaining, using and disseminating information.

The Budgetary Process

The Budgetary process is an annual source of management overtime and discomfort in most municipalities. It also constitutes a major source of communication within the administration and between administration

and council. The LGMP staff found that there was a good deal of confusion regarding the purpose, role and most desirable form of municipal budgets. There has been a definite trend, mainly stimulated by finance departments, to develop program budgets. Neither of the two Project Municipalities which had attempted program budgeting had been very successful, however, partially for the factors mentioned in Part v which work in opposition to effective corporate management.

In an attempt to find out what line managers thought of the process and how it might be improved to meet their needs a Project Team member followed a municipal budget through its cycle. By obtaining input from the administrative people involved he was able to make some recommendations, as indicated in *Paper 13 Reviewing the Budget Process*. This type of survey is useful in obtaining an overview of managers' perceptions of the current process and their impression of the purposes which the budget can serve for them. Changes in the budgetary process can then be designed with managers' needs and perceptions in mind. The concurrence and involvement of line managers is critical in the design of any process which will affect them but there is no question that finance professionals are needed to suggest and outline alternatives.

Reorganization

Initially the LGMP Team had decided not to experiment with structural changes (reorganization) until goals and objectives were firmly developed and events had indicated a need for such restructuring. Just as the Project began, however, a consultant had recommended a new structure for a major department, in one of the Project Municipalities, which the incumbent managers were not prepared to accept. The LGMP staff developed a process which seemed to help with the defining of a structure that was more acceptable to the managers concerned. The procedure used is outlined in *Paper 14 Reorganizing a Department*.

Personnel Programs

While the LGMP did not become directly involved with the revision or identification of personnel programs, the processes introduced had implications for almost all personnel areas. The LGMP emphasized team reviews of objectives and developmental superior-subordinate reviews of management effectiveness, which contrasted considerably with the existing appraisal processes in most municipalities. To establish the relationship bet-

ween a developmental review and standard appraisal processes the LGMP staff produced *Paper 15 Developmental Performance Reviews* which outlines potential review processes, and *Paper 16 The Relationship Between Performance Reviews and Performance Appraisals*.

Problem identification processes, as outlined in paper 8, resulted in the clarification of a number of areas where training was required and also helped to identify areas where confusion existed regarding responsibility for personnel areas, primarily between line managers and personnel staff. Motivational and communication problems were also identified, presenting the potential for Personnel Department initiatives in those areas.

Improving Managerial Performance

The ability to set effective objectives is highly dependent upon the ability to measure results. As the LGMP staff began to work closely with managers they rapidly found that the measures of output, which had represented the traditional approach to the measurement

of performance were inadequate as measures of management effectiveness. Measures of output will tell a manager how well his unit as a whole is operating; however, they will not tell him a great deal about the effectiveness of his own performance as a manager.

To try to remedy this problem area the Project Team worked with managers in an effort to help them to become more conscious of the various roles they were required to fill. This involved the identification of managerial processes and the evolution of measures of process effectiveness. *Paper 17 Measuring and Improving Managerial Performance* discusses the improvement of managerial performance in some detail. There is no question that a great number of potential advances are possible in the area of improvement in managerial performance.

Introduction

As demands for new and different municipal services increase, new programs become necessary. The decision as to what kind of new program to implement to meet current needs is an important but difficult one. In most cases a number of viable alternatives exist so that some rational method of assessing and choosing from among those alternatives is required. This paper looks at some of the important considerations and presents an eight step procedure to aid managers in developing the 'new program'. The establishment of a new program in one of the Project Municipalities is described to illustrate how the procedure can be used. In selecting new programs in a broader sense, this paper can be used in conjunction with *Paper 8 Problem Identification and Problem-Solving*.

Program budgeting has attempted to deal with the problem of establishing new programs. However, great difficulties have been encountered in attempting to place finite monetary values on the relative benefits of different alternatives.

The goal and objective setting process is ideally suited to the introduction of new programs. It provides managers with a vehicle which enables them to plan out their programs in a systematic manner, to gain input from all appropriate staff and from other internal or external units which will be involved or affected, and to establish criteria to evaluate the progress of the program from the outset. Program evaluation has always been hindered by the difficulties of accurately measuring costs and determining who is benefitting from the program and to what extent. Clear objectives can at least supply a qualitative and in some cases a quantitative basis for the assessment of benefits.

Steps Involved in the Development of New Programs

When the need for a new program arises and work begins on its design, a number of important questions must be answered.

- 1 What is the purpose of the program and whom is it intended to serve (what are the goals and broad objectives of the program)?
- 2 What measurable benefits will be achieved and who will benefit?
- 3 What are the probable costs of the program?
- 4 Are there any alternatives which might accomplish

the same goals and objectives? What are their relative costs and benefits?

- 5 What form will the program take and who will be required to implement it?
- 6 What will be the objectives of each person responsible for implementation?
- 7 How and when will it be known whether or not the program has been successful in meeting its objectives?
- 8 Under what conditions and at what time will the program be dropped?

1 Purpose of the Program

It is very important to spell out exactly what goals and/or broad objectives the program is expected to accomplish. If it is to be an ongoing program its purpose can be stated in the form of goals; if it is to have a predetermined duration in which to accomplish a specific purpose, the purpose should take the form of broad but measurable objectives. A discussion of the purpose of a new program dealing with the questions of whom it is intended to serve, and in what way, will often reveal a great deal of confusion and misunderstanding in these areas on the part of senior administrators and others involved with designing the program. Unless these misunderstandings are resolved at the outset the program will have little chance for success. Occasionally a thorough investigation of the alleged need for a new program may reveal that such a program is not even necessary, but that the needs may be met in some other effective but less expensive manner.

2 Measurable Benefits

The next step is to determine precisely what the new program will do for the people or organizations it is designed to serve. Those people and organizations should be involved in the definition of both the objectives and the expected benefits of the program. It is very difficult for a service agency to place a meaningful value on the potential benefits of a program without help from those whom the program will serve.

3 Probable Costs

The costs of a program should be calculated carefully with consideration given, where applicable, to several alternative levels of service. Here the cost per client should be calculated assuming that there are different numbers of clients to be served. Cut-off points should

be established for each possible service level at the point where the cost per client becomes too high.

4 Alternatives

There is always more than one way to skin a cat. This seems to be particularly true when it comes to meeting a perceived need with a local government service. Therefore it is important for local government managers to be imaginative in putting forward possible alternatives to the new program under discussion. Once a list of alternatives has been drawn up, a simple cost/benefit analysis should reveal which is most appropriate. If there are two or more serious contenders, a more detailed analysis should be carried out. Often the final decision will be made by council.

5 Form of the Program

Initially, decisions about the program must be made by the department head and the upper level administrators who will be involved in implementing the program. Broad goals and objectives will be determined by this group and tentative program structures will be identified. As the form of the program is clarified, administrators can be identified to take responsibility for various portions of the program. These administrators should be involved in planning for staffing, allocation of responsibility, and determination of objectives for their areas of responsibility.

6 Personal Objectives

Responsibility for the various aspects of the program should be allocated by each administrator, working down through the structure from the department head. As each administrator involved in the program clarifies his area of responsibility, with the person to whom he reports, he will be able to set objectives to carry out that responsibility. These objectives will need to be confirmed and approved by his superior in each case to ensure that overlap is eliminated and that each person's objectives contribute to the overall goals and objectives of the program.

7 Determining Program Success

Objectives for the program should be set so that accomplishments can be measured in a meaningful way. Measurements of program success should be taken at specific time intervals and should involve a dialogue between the suppliers and users of the service in which the users can discuss what they desire from the program. The extent to which the needs they identify are fulfilled can be measured in quantitative and qualitative terms through informal feedback as well as through the use of carefully designed research instruments.

8 Conditions for Dropping the Program

The minimum rate of progress or accomplishment that will be considered acceptable should be defined at the outset of the program. The program should then be dropped if, after the specified time intervals, it has not met the minimum standards agreed upon.

When a local government manager follows the procedure outlined above, he should end up with a new

program that is both necessary and useful. Staff commitment to, and understanding of, the program should be high as a result of their considerable involvement in its design.

Once the program is underway it should be monitored and evaluated on a regular basis. Staff will be involved in determining how well objectives are being accomplished and what alternatives or new objectives should be considered in order to improve the program. Specific objectives can be altered, discarded or modified, based on results as they become available.

A 'Real Life' Example

During the implementation stage of the LGMP, the Homes for the Aged Department of one of the Project Municipalities perceived the need to establish a new program to provide day care for some of the municipality's senior citizens. With the help of the Project Team, the department followed a procedure similar to the one set out above. This experience will provide a good illustration of the adaptation of the procedure to fit a specific case.

The first step was to define clearly the purpose of the program. The department head conferred with the administrators who would be responsible for the program. Together they decided that its overall purpose was 'to provide senior citizens within the municipality, needing care, with an alternative to living in an institution'. Its philosophy was to be 'at the Home during the day, in your home at night'.

Goals for the program were established by the department head and the five people (four day care supervisors and a program co-ordinator) who would actually operate the program and be instrumental in its success or failure. The goals were reviewed by the chief administrator of each Home in which the program would be run. Certain changes were made and ratified by all persons involved.

The potential and expected benefits of the program were fully discussed and committed to paper by the department head, the chief administrators of the Homes, and the program co-ordinators.

Two alternative programs were considered for the purpose of cost/benefit analysis. These were institutionalization of the people who would be involved in a day care program, and no program at all. The costs to the potential clients and to the community of each possibility were carefully considered. The information generated by this step proved to be useful in obtaining council approval for the day care program.

The next step was to identify objectives that would contribute to the attainment of each goal. Each day care supervisor produced a list of objectives in order of priority detailing expected accomplishments. These objectives were reviewed, modified to some extent, and sanctioned by the program co-ordinator.

Measurable criteria were established for each objective and minimum acceptable levels were set. These would help the administrators to determine whether or not the

program was resulting in sufficient benefits to warrant its continuation. For example, one objective stated that the minimum acceptable number of participants after a certain period of time was 60, and that the optimal number of participants was 80.

Objectives were also set for an expanded program in the event that the initial program proved to be a success. Various aspects of the program, that would become critical if the demand for the program increased at a rate greater than originally anticipated, were identified. For example, transportation was seen as a bottleneck. If a supervisor had to spend more than one hour picking up the participants, he or she would not have enough time to carry out the desired program. Thus, some form of aid such as a part-time driver, would be necessary. By anticipating such problems at the outset, the program administrators ensured that they would not be taken by surprise and that solutions would be ready if the problems arose.

Regular reviews of objectives were conducted every three months during the first year of the program. At these sessions, the degree of success of each aspect of the program was investigated and reasons for the success or lack thereof were identified. This step proved to be extremely beneficial. By sharing and evaluating their experiences and setting new objectives to meet the problems encountered, the staff were able to improve the program considerably. These regular meetings were also useful in helping the program co-ordinator, chief

administrators of the Homes, and the department head to understand the difficulties faced by the day care supervisors and to make effective contributions to the lessening of the problems.

Summary

Having an effective procedure for evaluating, selecting, and implementing new programs ensures that a local government will remain flexible and responsive to the needs of the citizens. This paper has outlined an eight step procedure which can be modified to handle almost every new program decision that a local government will face. Essentially it involves a clear statement of goals, objectives and measurement criteria, a thorough but non-technical analysis of alternatives, and plenty of involvement in program design and review by both the people who are to carry it out and the people it is to serve. These ingredients will go a long way towards ensuring a rational and successful choice and implementation of new local government programs.

Introduction

The discussion of developments in local government management in paper 3 of Part II has already touched on information and its importance to all management processes. The way that information is perceived, handled and used by managers is important and the contribution that 'good' information can make to improving management structure and processes can hardly be overemphasized. This paper, therefore, takes a closer look at how information and information processes can be developed and improved to contribute to and reinforce improvements in all aspects of management.

The information used by managers in local government organizations takes many forms. Some of these forms, such as memoranda, letters and computer print-outs, are more readily identified for their information content than other informal sources such as meetings, personal observations and personal discussion. Yet the information content and the influence of informal sources upon both the decisions and motivation of managers may be greater than that of formal sources.

An understanding of information and its contribution to management is the first step toward its improved use. This paper attempts to identify more clearly what is meant by 'information' in the broader context, where it is found, how managers use information, the influence of information upon the motivation of both managers and their subordinates, and suggests some means whereby managers can improve their use of information.¹

What Is Information?

Any message that is meaningful to an individual and which affects his thinking (especially about himself and his job) can be regarded as information. Therefore, information can affect an individual's feeling of security and his general orientation, thus influencing attitudes, confidence and the ability to do the job. In particular, information is a potential resource to the manager in decision-making, essentially reducing his uncertainty regarding the most appropriate course of action. To be useful, information must reach the manager in a meaningful form. Thus the content, purpose, flow and under-

standing of information are all important and this must be recognized in any systematic approach to information development and use.

What Are the Sources of Information?

Frequently, managers tend to think of information in a relatively narrow context. This has been especially true in recent years with the emergence of complex, computerized information systems. As indicated above, however, information is anything which provides a manager with a greater understanding of his environment. This may include information about past events, present events and projections for the future. Thus information is obtained from many and varied places. These sources fall into the five major classifications briefly described below.

- 1 *Stored records* such as files, computer stored data and information.
- 2 *Written communication* including reports, letters, articles, media items, memoranda, organizational goals, objectives, policies, procedures and processes.
- 3 *Verbal communication*, including speeches, reports, formal and casual conversation, meetings and contacts in general. Each manager has personal contacts with a large number of people in both the external environment and within the organization. These contacts serve as very important sources of information, particularly for senior managers, and each manager can help his subordinates considerably by disseminating the useful information he has accumulated, often as a consequence of his position. Each manager also transmits information to the external environment which influences the reaction of the environment to the organization.
- 4 *Formal current data and information* contained in print-outs, forms, fact sheets, etc.
- 5 *The informal system* which always develops within an organization. Unless the manager has sufficient informal contact with various members of the organization he will not be aware of feelings, perceptions, motivations, etc., which are at least partially expressed through the informal system. This system is somewhat controlled and influenced, of course, by the formal systems of information and the number of personal contacts and degree of trust and confidence which exists within the organization.

It is important to realize that revising or improving an

1 For the sake of convenience reference is made throughout this paper to 'managers' rather than to 'managers and councillors'. Unless otherwise specified, however, councillors are considered to be managers for the purpose of this discussion.

information system involves dealing with all five of these sources.

How Is Information Used?

With information of all kinds bombarding him from such a wide variety of sources, each manager develops his own framework for organizing, filtering and evaluating messages. This framework is his personal information network. The characteristics of an individual's framework reveal a great deal about what information is meaningful to him, as well as how he will use it.²

Each person uses information for his own purposes, to meet his own needs. If those needs are not filled by one aspect of his personal network (e.g. the formal system failing to provide information about where he stands in relation to other people) they will probably be met by information from other sources (e.g. informal messages at coffee breaks, meetings, etc.). The messages that do get through to a manager are usually those that meet his needs most effectively. That is not to say that managers automatically filter out all but the best information for the decisions they make. On the contrary, many managers need reassurance, motivation, or a sense of power, far more than they need good reliable information that reduces their uncertainty about alternative courses of action. As a result, the information a manager receives is sometimes used primarily for those types of needs, and only secondly for decision-making.

In fact, there is considerable evidence that information is used simultaneously for a variety of different purposes. It seems that managers gradually develop a general picture of their jobs — a feel for what is going on — which is constantly being added to, modified, and expanded as they communicate with each other and with people outside the organization. This general picture includes not only various requirements and constraints of the job itself, but also (and equally important to the person who is a manager) what other people expect of him, the confidence he has in his own ability, his motivation, status, relationships with other people, his values and attitudes, career goals and so on. Thus, information is used apparently in an 'associative' way with managers drawing meaning not only from the content of messages but also from the way they are communicated, tone of voice, timing of the message, the status of the sender, and so on.

A manager's capacity and ability to communicate useful information to others plays as important a role in filling his needs as does the information he receives. It influences a manager's control, and affects his ability, and that of his subordinates, to adapt to a changing environment. It aids in the establishment of a common frame of reference for managers, and generally determines the extent to which a manager fulfils his perceived role. Occasionally managers use their own access to information as a means of controlling the behaviour of others, either communicating or withholding it to suit their own purposes. Generally this type of 'information broker' control is exerted by people with a good deal of experience in the organization, in an effort to

maintain the status quo and to ensure a role in the organization for themselves. Some of the consequences of this type of behaviour and other misuses of information are discussed below.

Why Managers Have Trouble With Information

In spite of the ability of managers to develop personal networks that draw on a wide variety of sources of information, many still have difficulty in handling information. These difficulties can involve the formal information system or the informal system.

1 Problems With the Formal System

- a The formal information system (i.e. the way information is passed on 'officially') may not be working well. Information from formal sources may be too late, inaccurate, too detailed, or not in an understandable form. The reasons for these problems may be technical and therefore relatively easy to solve, or traditional, the result of a static, unchanging system in a dynamic, changing organization.
- b Managers may be counting on the formal system for information that it is not well equipped to provide. For example, a manager may look only to the regular reports of his subordinates for feedback on how well he is communicating with them. Reliance on formal sources for this kind of personal information will often lead to a manager missing important verbal or non-verbal messages.
- c When managers fail to delegate responsibility they also tend to monopolize sources of information. Both of these are common problems in local government and can lead to rigid and narrow formal systems.
- d Managers are often unsure of what information they need, and tend to ask for 'everything available' on a particular problem. While this is often a useful technique for exposing unexpected relationships and getting a rough idea of alternatives available, it can also lead to information 'overload'. Too much detail can be as incapacitating as too little, but detail is often sought, particularly when a manager lacks confidence in his decisions.
- e Most local government departments have developed fairly independently of one another, and their mutual inter-dependence is a relatively recent phenomenon. Quite often formal procedures for handling information reflect this tradition of separate departments more than they do present needs. Developing a system in which information is shared and co-ordinated is difficult enough in any local government organization. It is even more difficult when rivalry or distrust blocks informal communication.
- f There appears to be a lack of realization and understanding, particularly on the part of council, of the time required (and therefore the cost) to meet special requests for information. When such information is necessary for council decision-making it must be

2 An attachment to this paper suggests how individual managers can effectively gather and use information.

supplied, of course. Often, however, a request for information is for purely political purposes or the information falls in the 'nice to know' category. In such cases, it is crucial that councillors be made fully aware of the attendant time costs, and perhaps be asked to reconsider their request or hold it off until a more convenient time.

2 Problems With the Informal System

One of the main problems with the use of information from informal sources is that managers are often unaware of when they are using it. Many think of information only in terms of formal sources, and tend to ignore the effect of informal information on their decisions. Under such conditions it is impossible for a manager to evaluate the accuracy or value of the information or be aware of its impact. It is the danger of using information without awareness that has given informal sources their bad name.

While both formal and informal sources are inadequate for some purposes, taken together they *can* complement each other and contribute to a fuller personal network for each manager.

Understanding and Improving Personal Information Networks

Since a manager's personal network can be hampered by the problems outlined above, and since improvements to the formal system alone often do not solve information problems, it is recommended that each manager examines the way he receives and uses information. Improvements at the individual level can highlight necessary changes in procedure and technology as well as weaknesses in interpersonal communication. At the same time, gradual changes in the way managers think about information and in their awareness of how they use it, can lead to inexpensive, incremental improvements in the quality of management. The recommended strategy is outlined below.

- 1 *The manager identifies what he does.* This includes the kinds of decisions he makes, the different roles he plays, the information he handles, his inter-personal communication and all other aspects of his job. This process tends to be more difficult than it sounds and requires considerable thought on the part of the manager. It should become considerably easier as the manager develops the use of objectives to a greater extent.
- 2 *The manager identifies the information he actually uses in each activity.* Again, this is not an easy task since the use of information in making a decision is often subconscious. In addition, the mere presence of information does not ensure its use, nor are people always aware of when they have received information, or when they have used it.
- 3 *The manager identifies the information he needs for each activity.* Ideally steps 2 and 3 would have identical results. However, since the information he needs is not always what he receives, the manager should be encouraged to think in an innovative way to identify the types of information he really needs in order to do a good job.

- 4 *The manager compares his personal network to his needs.* This step identifies the gap between what he needs and what he actually uses. Some of the information he needs, but has not been using to date, may be readily available. Some information may be easy to acquire on a regular basis; in other cases, this may be impossible or too costly. Another important result of this step is the identification of information which the manager uses but which is actually unnecessary for his purposes. Considerable savings in time and effort are often achieved when unnecessary information is cut from the manager's personal network.

Some of the questions that should be considered when a change agent is helping a manager to investigate his personal information network are listed below.

1 Potential Information

- a How well are potential sources of information developed in relation to the manager's stated needs?
- b What are the relative costs and benefits of increasing or decreasing the amount of information available?
- c Is the potential information as readily accessible to the most frequent users as it should be?

2 Available Raw Information

- a Is the information available to the manager in a usable form at the required time?
- b Is the manager aware of the information that is available and how to obtain it in the most economical way?
- c Is the manager conscious of the type of information he should use?
 - i Is he making the appropriate decisions?
 - ii Is he using enough information (considering cost for simple decisions)?
 - iii Is the available information really what is needed?

3 User Search Technique

- a Does the manager make the effort to search for information?
- b Does he use his search time effectively?
- c Is he aware of his information seeking role and what he should be looking for? Is he obtaining and passing on necessary information to superiors, peers and subordinates?
- d Is he aware of the effect of beliefs, values, different perceptions, biases, etc., which act as screening devices to both the recognition of information and to its effective use?

4 Information Obtained

- a Is the information obtained the best available (considering the cost and benefits of incrementally better information)?
- b Is the information obtained in a useful and understandable form?

5 Information Used (Processing Technique)

- a Is he using the best information to make the decision?
- b Does he use information to control or does he pass it on freely?
- c Is he clear on what action is required?
- d Is he clear on the information needs of subordinates?

6 Decision-Making

- a Is he making the decisions he should be, considering his position? (i.e. is he delegating sufficiently? Are there too many decisions left for committees? Does he make decisions that could be made at a lower level?)
- b Are they the 'right' decisions?
- c Is he taking the necessary action once decisions are made?

7 Information Transmitted To Others

- a Is he playing his information seeking role effectively and passing needed information to subordinates, to enable them to do their jobs effectively, to give them a feeling of security and to supply them with the basis for objective setting at their level?
- b Is he taking appropriate action as a result of his decisions and sending 'action information' where it is needed?
- c Is he sending information in an appropriate form?
 - i Is the receiver able to interpret the information adequately and act upon it?
 - ii Does he have feedback mechanisms to indicate when information is not received or when information has been inappropriately interpreted or used?

Determining What Information Should Be Formalized

Once the managers in the municipality have clearly outlined their information needs, the 'systems developer' is able to categorize the information requirements in terms of the managers who need it, the frequency of required generation, the speed with which it must reach the appropriate managers, and the most desirable form. With this in hand, the systems developer can consult with each manager to determine the feasibility of and most appropriate method of obtaining his required information.

Where it is cheaper or faster, a manager may be encouraged to use his own system of personal contacts, information sheets, reports, etc. to obtain the information he needs. In other cases, changes in the formal system are necessary. Where the same information is needed by more than one manager, changes may be required to bring that information to, for example, all the managers of a particular division or department, or perhaps to all of the managers in the municipality. Often the 'line managers' in a municipality feel that they need more comprehensive and more frequent information reports from the support services, such as financial or personnel data relating specifically to their areas of responsibility. This

can usually be accomplished without a great strain on the service department.

When examining the formal system, it is important to search for information which is processed because it is needed for traditional records but which is actually useless to managers because they have already obtained it through direct contact. This type of information should not be allowed to clutter up the system.

Revising the Formal System

Revising and updating an information system can be carried out in a number of different ways. In some instances, only certain aspects of the system need be selected for revision, while in other cases the whole system needs to be overhauled. Although an evaluation and updating of the many components of an information system will take a good deal of effort, the potential for improved organizational effectiveness and effort saving is usually such that the time will be well spent. Outlined below is an example of an approach to gradually improving the formal system that has been used by an LGMP Project Municipality.

- 1 *Classify files and records* — to determine which files should be retained, their required degree of accessibility, and which may be discarded.
- 2 *Determine a retention schedule* — for microfilming, computerizing, and storing or destroying the different categories of records identified in step one.
- 3 *Develop common filing categories* — and coding for the municipality as a whole, for future information handling, using the records retention classification as a tentative basis where possible.
- 4 *Decide on a filing and records system* — that embraces some method for the municipality to avoid duplication of records and to enable easy access. Three possible alternatives are:
 - a Central registry — central retention
 - i all incoming information (letters, etc.) goes to a central point for coding;
 - ii internal information (memos, etc.) is coded by the originator and a copy is sent to central registry;
 - iii all permanent files are kept in a central location and retention decisions are made there.
 - b Central coding — designated retention
 - i as in a;
 - ii internal information is coded and sent to the appropriate department for retention;
 - iii the department which uses a given file code to the greatest extent, becomes the record keeper in that area.
 - c Decentralized coding — designated retention
 - i as in b except that there is no central reception area. External mail goes directly to the department concerned and is given a file coding at that point — originals to be kept by a designated department.

Information Exchange With Council

An important part of the effective revision of a municipal information system is the development of:

- 1 a system to supply timely, effective information to councillors in a form that will enable them to set policies, select alternatives, become familiar with problems as quickly as possible, and determine priorities for the municipality; and
- 2 an understanding on the part of councillors of the costs in administrative time and effort required to supply council with specific items of information.

Potential Problems in the Use of Information

Information problems should be discussed in detail at a workshop held specifically for this purpose with a view towards developing a problem-solving system to be used in the future. Some examples of possible topics for such a workshop are listed below:

- 1 information bottlenecks — information used as a control device — uncertainty as to where it should go;
- 2 ineffective use of a centralized system (carrying information which is not used, etc.);
- 3 misuse of the computer;
- 4 building up of duplicate files (xeroxed copies);
- 5 need for a priority system;
- 6 keeping upper management informed;
- 7 need for a flexible back-up system;
- 8 limiting the need for interaction in the form of committees and meetings where procedures and processes will serve the need;
- 9 the conversion of data into information in a form which is appropriate at each managerial level; and
- 10 recognizing the crucial roles that people and interpersonal relations play in a management information system.

Summary

Information is the most basic resource for effective management. It is obtained not only from such obvious sources as files and reports but also from less obvious ones, for instance, informal conversation and facial expression. In fact, managers are often receiving and storing information unconsciously, and use it to build up a mental picture of their job and how they can do it best. Any effort to improve either the quality of information used or the ways it is organized and handled must therefore include not only the formal structure of processing data and information, but also must help individual managers understand what information and its careful use, can do for them personally.

Because management processes depend so heavily on the quality and accessibility of information, change programs must unquestionably address the issue of how attitudes to information and obstacles to its effective use fit into the problems of the organization as a whole, as well as into the strategy for improving management structure and processes. Complete systems overhauls are certainly not called for in every case, nor is the introduction of new and expensive technology. On the contrary, gradual and incremental changes are particularly appropriate in the information system area.

Even a single manager who tries to be more aware of information, to use it more effectively, and to make it available to those who need it most, can make significant improvements in the general attitude to information in his unit, as well as in the effectiveness of information as a management tool throughout the organization.

An Information Framework for Managers

This attachment seeks to provide managers with a framework for thinking about the decisions they make and the information they use. Unless each manager becomes more conscious of the way he manages, it is unlikely that even the best designed information system will contribute a great deal to improve his work. Effective delegation, communication, and the adequate use of information are all related to the extent that each is dependent upon the others.

This paper is addressed directly to individual managers in an attempt to provide them with useful suggestions on how to use information and how to delegate and communicate more effectively. Because it is intended to be an action-inducing paper, the second person is used extensively and it differs from all other papers in this respect. The authors realize that the content is largely routine and common sense. Through self-analysis, however, they also realize how poorly they themselves use information and find that many managers have the same problems.

As a manager (administrator or councillor) you spend most of your time dealing with people, obtaining information from them and communicating to them. The time you spend conferring about scheduling, dealing with a citizen who has been injured on city property, attending a community meeting, or having a good word for the clerk with sick children is all time well spent if the information which you convey and receive is appropriate and relevant.

The questions outlined below should provide you with a framework for looking at just how important information and communication really are to you. Before you consider these questions and undertake the strategy recommended here, however, you are encouraged to review your thinking about information generally and to remember the following points.

- 1 *Information and data are not the same thing.* Data, e.g. financial statistics, have no meaning by themselves. It is information that you infer through analysis of the data what is important to you as a manager (e.g. ahead or behind expected expenditures). Information always requires analysis and inference on your part.
- 2 *Information comes from many sources.* It does not 'belong to' the EDP branch or come through official channels only.

- 3 *You have your own personal information network* that you have built up over the years, and it is one of your most important management (and decision-making) tools. This network is essentially your private information system, and includes all formal and informal contacts — written, oral and personal. You determine how well it works. It is up to you to make your information needs clear to those who try to fill them, and to meaningfully communicate the information you wish others to have.

Suggested Strategy

Outlined below are a number of questions that you might answer to get a clearer perspective on information and communication. Although the order of the questions is important, your answers to later questions may make you change your thinking about earlier ones. You are, therefore encouraged to remain flexible and to incorporate the changes suggested by your answers into daily work habits.

- 1 *How are your management problems related to information and communication?*

The experience of the LGMP has indicated that there are relatively few management problems that are not to some extent the result of inadequate communication or difficulties with information itself. Recognizing the relationship of information and management is the first step toward using information more effectively and toward solving many of your management problems. You should, therefore, try to identify problems which are caused either directly or indirectly by:

- a communication breakdowns between individuals, divisions, departments, or levels of government (for example, problems in getting information you need from the EDP branch may be the result of lack of definition of your own needs, failure of the people in EDP and those in your unit to speak each other's language, and so on); or
- b information that does not meet your needs because it is,
 - i untimely (too late or too early to be useful),
 - ii inaccurate,
 - iii costing more than it is worth, or is available through cheaper and/or more immediate sources.
 - iv inaccessible because of filing, storage, or retrieval problems,

- v presented in a form you cannot understand (e.g. statistics without explanation of their significance),
- vi buried in too much other irrelevant information, or
- vii in a form which does not relate to other management systems (e.g. financial information which does not relate to the budgeting process).

2 What information do you need to do your job?

Having seen how many of your problems are related to weaknesses in communication and information, you will be in a better position to identify your real information needs. This is not as easy as it sounds. Although most decision-makers complain that they do not have the information they need, when asked what they want, their immediate reply is often, 'Give me everything you have'. This is usually the last thing they need, given time and financial constraints. In fact, probably one of the most serious of all organizational problems, is the general inability to discontinue the promulgation of essentially useless information. To arrive at a more useful definition of your information needs try breaking this question down into the following two steps.

a WHAT DECISIONS DO YOU MAKE?

A decision is a choice which affects your own or others' activity. It can even be a choice to do nothing. Every time you begin a new activity or redirect an old one, and every time you direct or redirect the activity of another person, you have made a decision. Keeping notes on your decisions and resulting activities need not take a lot of time and can help you to keep track of what you have done in a busy working day, until you become more aware of your decisions and their impact.¹

b WHAT INFORMATION DO YOU USE TO MAKE PARTICULAR DECISIONS?

Again, this is not as easy as it sounds, since you probably use information you have gathered from a number of different sources and put it together unconsciously. (Remember, the fact that you have received information does not necessarily mean that you have used it). When, for example, you move a man from one crew to another, determine when, why and how you made the decision. (The other crew is missing men through illness, is working on an emergency job, or whatever). How do you know? Who told you? Is it on paper? Does it need to be? Try to jot down your decisions throughout the day (even the ones that seem trivial), along with the information you used to make that decision.

Decisions that you are least aware of making, or which seem trivial, often have a significant impact later. For example, deciding not to consider a person's application for transfer might have reper-

cussions on the labour relations in your unit, or prevent you from recognizing a symptom of other problems in your unit. Keeping track of decisions for a while, as suggested here, can help to clarify what you are actually doing and can help you to see how you got into particular situations. It will also make you more aware of what information you actually use, especially when you put your decisions down to a 'hunch' or a 'feeling'. There is nothing wrong with intuitive decisions, and all managers rely on them some of the time. It is important, however, for you to realize when you are using hunches and, whenever possible, for you to identify the information that they are based on.

Your answers to the above questions will also help you to identify decisions which should be delegated. For example, a division head may find that he is making decisions about regular assignment of crews which should really be made by a foreman, and that the information he needs to make those decisions must come from the foreman in any case. Proper delegation will free you for more appropriate work, will save the time taken by unnecessary written and verbal communication, and will improve the motivation of the people who work under you.

3 How do you get the information you use?

Are the formal sources of information really useful to you, and how can you tell? Jotting down the source with a key word to jog your memory whenever you get information of any kind should help you answer these questions. For example, when you read about new federal funding policies that would affect your work you could note: '*Municipal World* – federal funds for housing'. Keeping a notebook for useful bits of information you pick up might be a good idea. This can help you to remember which sources to check when you want to find something out, and to check their reliability. For example, Joe Blow has been telling you about new purchasing policies; is he right? Is he usually right? Is there a quick and easy way of checking what he tells you?

4 How can you improve the information you receive?

Remember that information should be accurate enough and in sufficient detail to suit your purposes. If you are a councillor, your time is too valuable to be spent worrying about how many pencils department A used compared with department B. The accuracy of the information you need for budget and policy decisions is on a different level from that required by the supervisor of stores in the purchasing division. You should be looking, for example, at how well the tax base is estimated, how thoroughly implications of new zoning by-laws and other council decisions have been researched, and so on, rather than at the accuracy of 'nuts and bolts' figures. Both administrators and council members will probably benefit from the following procedure as a way of finding out how well the information they get is really serving their needs.

Take an hour and look through the papers that have

¹ The period of time during which a manager should keep records such as this probably varies with the job. A period of two or three weeks is suggested.

been piling up on the desk. You don't have to read them, just sort them into:

- i things you have to read (not because somebody said to, but because you need to, to do a good job);
- ii things you'd like to read (because you're curious, or because they might help you in your job); and
- iii things you really don't need or want to read (because they're too dull, too long, irrelevant, or whatever).

Who sent you each of the reports, memos, balance sheets (or whatever) in each group? Why did they send it to you? How long has each paper been there? Do the same thing for meetings, modifying the last category to meetings you wouldn't attend if you had the choice. This should tell you something about your information needs and how well they are being filled.

Now take the first group (for both paperwork and meetings). Try to think of information you really need that you don't have. Take care not to include things which, if you had them, you'd put in the second group of interesting information. How could the information you receive be changed to make it clearer, more timely or easier to read? Is there anything which you already knew from another source? Is that just a fluke or does it usually happen? If it's common, can you eliminate the duplication, or make suggestions on how it could be eliminated?

Now look at the second group. Is there anything in this group that you would have considered necessary except that it was too long, or too obscure to read? How could it be changed so that you could get the information you need?

Look very closely at the last group and think carefully about why you won't be reading this material. Is it because you distrust the source, or just because the material contains no useful information? Why are you getting it if you are not reading it? What can you do about eliminating it?

Going through the meetings and written information you are involved with in this way two or three times over a period of several weeks should help you to become more aware of your use of information. Try to relate what you discover to what you have jotted down about your own decisions, and communication (conversation, feuds, etc.) with other people. Where are they connected? Where is there duplication? Where are there gaps? What changes would you make to make things work more easily, more smoothly, e.g. in meeting agendas, in information formats, or in the way you handle information? How can your staff help? What, if anything, is preventing you from making the changes you have identified?

Other questions you should consider in this area are the following.

- a Do you make your information needs clear to people senior to you?
Do you let your boss know of your concern about:

- i not having access to information he controls;
- ii your uncertainty regarding what is expected of you; and
- iii having a chance to gain real managerial expertise and experience?

- b In your objective setting and review process meetings, are you including objectives to improve your knowledge of departmental operations and the improvement of information? (If you are having difficulty in these areas you can be fairly sure that other managers are having similar problems.)
- c Do you make your information needs clear to people junior to you? The other side of the coin, of course, is letting junior people know how they can do their jobs better by providing you with the information you need for your own decisions. Do you provide guidelines on when you want information, in what form, at what cost, and in how much detail? Do you still allow for a certain amount of flexibility for exception reporting, individual initiative, screening of irrelevant material, and sensitivity to new potential sources of information? Do you check with people junior to you to make sure they are receiving the same messages you are trying to send?

- 5 *How can you improve the way you obtain information?*

For a while, look over your notes once a week and get a pattern of what information you are using from what sources. Then answer the following questions.

- a Could you get your information more easily? How? For example, do you write to the City Solicitor for information about zoning regulations that you could obtain from a phone call to his secretary? Could your assistant make the request, open the mail, run the errand, etc.?
- b Do you rely too much on formal communication such as print-outs, minutes of meetings, etc. when direct conversation would work as well or better (or when you already have the information through direct means)? Are you really using the formal information you receive?
- c Do you use meetings to obtain information, or attend only when you have an item on the agenda? Are you missing important information as a result? Are you really missing meetings to do things you should have delegated?
- d Are you able to rely on your sources? Do they respond promptly? Do they supply the information you need in a form you can use?
- e When you get information, is it immediately lost in the pile of papers on your desk, or in your head? How can you make sure that important information really gets through to you and to the people who report to you? For example, if you want to keep track of your invoices from Purchasing because you overspent last quarter, would a red flag on correspondence from them help? (Of course red flags can be over used and thereby lose their effect.)

f If data processing is new to your organization, are you (like many other managers) maintaining your own records until you can count on the EDP print-outs? Ask yourself if that deters you or your people from sending in data when you should? What is the cost of duplication of records? What is causing delays in the EDP system? Can you clarify or simplify procedures? Do you understand what is required in order to get pay-off from new systems? Do you understand what the print-outs tell you and are you giving EDP the necessary data? What can you personally do to improve communications with units that send you information?

g Do you know where you can get information outside the city itself, for example from other levels of government? Do you check these sources regularly? In some cases, assigning responsibility for monitoring other governmental levels for information concerning the municipality is advisable. For example, the City Solicitor's role might include reviewing and interpreting provincial and federal legislation and policy statements and passing on relevant information to councillors and department heads.

h Are other people in the organization aware of your responsibilities so that they can pass on information you need, and contact you for information you could best provide them? Objective setting is useful in this context as well, and can help you identify where you could be delegating responsibility and sending information.

i Do you make an effort to maintain contacts and open communication with colleagues who are not in your direct line of responsibility and with colleagues in other cities and at other levels of government? As a councillor, do you make an effort to talk to councillors on other committees on a regular basis, however informally, to supplement official reports? (Where political differences such as 'reform' versus 'conservative' factions make communication difficult, you might try to establish common ground in a few areas and work from these to try to come to a better understanding of the other viewpoint.)

6 *How can you improve the way you communicate information?*

You cannot do your job effectively if you do not make your decisions clear to the people involved, or if you fail to circulate information that you have received. Answering the following questions should help you to identify your strengths and weaknesses in this area, and aid you in making necessary improvements.

a Do you communicate information which would be useful to other people and are you aware of their needs? How can you find out who needs information you can supply? (Holding a meeting specifically for this purpose can be helpful as can a joint review of your goals and objectives in areas of mutual concern with other units.)

b Are you communicating verbally what should be on paper and vice versa? What changes can you make that will eliminate unnecessary duplication, save

time, and reduce misunderstandings? In answering this question you should consider costs, efficiency, the best way of getting messages across to the individuals involved, and their needs and preferences.

c Is the information you convey clear, and reasonably accurate for the purposes it serves? Above all, is it what was asked for? Is it really information, or is it merely data? The best way to answer these questions is through feedback from others. Such feedback will occur only if you can be very open. Ask the same kind of questions about the paperwork you send to other people, as you did for the papers on your own desk.

d As a councillor, do you let administrators know that you are available for discussion of problems? Do you make clear what you expect from the administration and what your priorities are?

As an administrator, do you make an effort to explain your position and present alternatives to councillors? Are your reports as clear and informative as possible and do you discuss your concerns openly?

e Do you use information to protect your position and power? This will obviously be a hard question to answer, but you should consider it seriously. It is likely that no manager could honestly answer 'no, never' to this question. You should be conscious of your motives, and the cost of using information in this way. Not only can it damage your own reputation (since this strategy is fairly obvious), but information is far too valuable a resource to be used in this way. Sharing information on the other hand, can save time and money, facilitate communication so that you can broaden your own information network as well as those of others, and contribute to a climate where people can concentrate more on their jobs than on hidden agendas.

f How easy is it for newcomers to 'learn the ropes', and how clear are responsibilities within your unit? It is not unheard of for newly hired and newly promoted managers to be in the dark for over a year about what their job is and how to do it. Nor is it unusual for new councillors to be unfamiliar with the basics of municipal government and for them to learn more about it in community college courses than in their municipal government itself. Many councillors and administrators have pointed out the need for a comprehensive introductory package for each new councillor and administrator explaining:

- i procedures in council;
- ii the structure of responsibility (who reports to whom and where the buck stops for each service;
- iii the city's overall financial situation;
- iv which departments can provide what information;
- v the most pressing matters left unresolved by the previous council; and
- vi the general direction which the city has taken in major decision areas, e.g. housing, transportation and social services.

This package could be in printed form, or (since busy councillors have little free reading time) it could be presented in brief informal meetings, or a mixture of the two. Making this kind of basic information available and assigning responsibility for its preparation would:

- i cut council confusion regarding its role;
- ii reduce repetitive and inappropriate requests for reports
- iii help council to concentrate on major issues rather than minor administrative problems; and
- iv pave the way for better communication between councils and administrators, and make it easier for each group to understand the other's position and problems.

7 *What improvements can you make in the way information is stored?*

Does your filing system enable you to look up information you need quickly and easily? Would a shared filing or other storage system eliminate unnecessary duplication and delay? What changes should be made to indexing, filing responsibility and procedure, and retrieval methods? Can you make them? If not, who can, and how can you get your ideas for improvements across to them? In the meantime, you can make some changes within your own unit to make storage and reporting methods more efficient and sensitive to your needs. In this way, you can establish a starting point for incremental improve-

ments to the formal information system, even if extensive revision of structures and procedures is impossible at the present time.

Summary

After working through the steps suggested here, going back to rethink your answers, and after identifying what you, individually, can do to improve the way you use and communicate information, you will be better equipped to work with other councillors and administrators to improve information handling on a wider scale. A good formal information system must be designed to meet the needs of the managers who use it. Unless the users have defined their own needs for formal information in an adequate way the formal system will have little potential for success.

As a manager at any level in the organization, one of your major uses of information will be to ensure that the people within your part of the organization have a similar understanding of events and are able to talk about the same thing. Emphasis upon production or upon safety, for example, can be created by the careful dissemination of relevant information. Thus the information system which you develop will involve both the information you use and the information which you disseminate within your zone of responsibility.

Introduction

Of all the management processes in a municipal government, the budget is the most visible and perhaps the most important. Every manager is affected by the budget and most are involved, to some degree, in the budget setting process. Establishing an annual budget takes up considerable quantities of managerial time and other resources. It can often take from six to eight months to complete.

This paper, devoted to an examination of the budget process, is based on the general LGMP experience, correspondence with other cities, and a study that was undertaken in one of the Project Municipalities which traced the budget process through one complete budget cycle. The study was initiated for two main reasons:

- 1 the senior administrators of the municipality were interested in identifying potential means of improving the budgeting process and the LGMP resources provided a source of external evaluation;
- 2 the budgeting process is important in all municipalities and this expressed desire from one municipality provided an excellent opportunity to evaluate the process through identification of the needs, interpretations and frustrations, of the people who generate and use the budget.

Given the desire for more knowledge of the budgeting process on the part of both municipal administrators and the Queen's Project Team, the study attempted to obtain information which could be used:

- 1 to describe the budget setting cycle in one of the Project Municipalities and the roles the budget plays in the management of the organization as a whole;
- 2 to identify and discuss the impact of the budget process on managers and their effectiveness, and to examine the perceptions of those managers regarding the budget's purpose, their role in its determination and the problems involved in the process;
- 3 to indicate the potential inherent in the budget process as a vehicle for organizational change, for improving management processes generally, and for effective planning and control; and
- 4 to identify and analyze the problems common to the budget process, and to make recommendations for integrating it with other management processes discussed in this book so that an integrated and coherent management operation is possible.

To achieve the purposes indicated, a large number of administrators were interviewed during the process of budget preparation and presentation to council. Primarily, these interviews sought to determine:

- 1 the principal events in the process;
- 2 the administrators' interpretation of the budget and the purpose of the existing process;
- 3 the administrators' needs for planning, communication, management information, etc. which could be filled by the budget process and the financial reporting system; and
- 4 how well these needs were met by the existing process and, on the other hand, the sources of frustration and problem areas which existed.

This paper draws together the results of these interviews. It provides an overview of the purpose of the budget, the current budget setting process, the capital budget process, distinct problems with regard to each type of budget and budget process, and some problems common to both of them.

Purpose of the Budget Process

Although the budget is in many ways the cornerstone of municipal management, it is very difficult to identify a common purpose which the budget and the budget process serves for all managers. The budget has different meanings for different people in the organization, and in fact, can serve many functions. The following represents some of the managers' comments regarding the role of the budget setting process and the budget itself.

- 1 The budget is a financial reporting system that provides a vehicle for the control and evaluation of operations and people's performance.
- 2 It is a political vehicle which enables the elected people to exert an influence on corporate policy.
- 3 It is a part of the administrative planning process and when complete it is a statement of what is expected to be achieved within the next financial period. Consequently, it is a blueprint for action.
- 4 It is a medium for co-ordinating activities and determining and allocating resources between departments. As such, it is an internal communication vehicle.
- 5 It is the means by which the tax rate and corporate borrowing and other financial needs are determined.

As such, it can be an external communication vehicle.

- 6 One manager described the budget as a contract between the administration and council whereby the administration agrees to perform to a certain level and the council agrees to support and finance that work. As such, the budget helps describe the relationship between the administration and the elected people.

The process of budget setting is more important in some departments than in others. In support departments, such as Legal and Personnel, for example, the current budget is relatively simple and straightforward. The level of activity is not subject to radical change, and the budget, which is an expression of council support for this necessary activity, is relatively consistent from year to year. Consequently it is not difficult to estimate forthcoming expenditures, and budget setting is a relatively minor task.

For other departments, however, the budget takes on a wider significance. In many areas of the engineering department, for instance, the budget, rather than being seen as an expression of support for what is done, determines what will be done. Consequently in operating departments such as these, much time and effort is expended on capital and current budget development.

Basically, however, the budget is a tool, and as such, must be shaped according to the needs of those who will be using it. This is a major reason why there are so many problems involved with striking a budget and using it effectively. All the different management levels from lower line management to the council are using this same document to meet their very different needs. As a result, unless the budget setting process is specifically geared to reconciling conflicts, meeting the different demands of each level and department involved, and integrating the different inputs to the process to make that process both efficient and effective, administrators and councillors will be frustrated, the budget will not attain optimum usefulness, and the operation of the entire organization may suffer.

The next part of this paper examines the process of setting both current and capital budgets. The steps involved and the problems managers experience with them are examined in detail. The process described reflects one cycle of budget setting in one Project Municipality. In most respects the process is fairly representative of the experience in other municipalities and some observations and comments from other sources are included in the discussion.

The Current Budget Process

For the most part the 1977 current budget process followed what has become over the past few years a fairly routine timetable. This process begins in August/September with the generation of financial guidelines by the Board of Control, with finance department advice, and ends in February/March with the approval and adoption of the municipal budget by the council. Each phase of the process will be discussed in turn.

August/September — Financial Policy Recommendation

To assist the administration to develop a budget that will be acceptable to the elected body, the Board of Control provides it with some guidelines early in the fall. Their recommendations are based on information and advice from the finance department. The following factors form the basis of this background information:

- 1 guidelines from higher levels of government;
- 2 municipal income from transfer payments, capital levy, and debenture debt;
- 3 citizen expectations and ability to pay; and
- 4 economic indices.

From an examination of these factors, the finance department produces a percentage figure representing what the department head thinks will be the most acceptable growth rate for expenditures compared to the previous year. Finance also develops a preliminary expenditure model made up of categories of expenditure. These categories include:

- 1 manpower and related administrative expense;
- 2 capital expenditures;
- 3 contribution to reserves, reserve funds and allowances;
- 4 payments to outside boards and commissions;
- 5 grants;
- 6 relief assistance;
- 7 other specific objects of expenditure; and
- 8 supplies and services.

The expected increase for the base budget is determined for each category through discussions with senior administrators and from communications with external sources. These estimates are accumulated and the difference between this estimate and the recent year's budget is highlighted to help the Board of Control determine the guideline percentage increase for the next year.

Many managers are concerned that too much emphasis is given to the figure determined by the Board of Control and circulated through the administration as a guideline for the next step. They feel that the overall guideline figure is too often taken as 'gospel', and that the budgets value for planning is limited by the fact that it is based on work in the previous year rather than on future needs. Moreover, because it does not reflect how efficiently and effectively the services were provided in the previous year, the guideline figure does not allow for variation according to performance. As a result, it tends to guarantee growth in expenditures because people merely expand their budgets to meet the guidelines.

October — Departmental Budgets

Beginning at the division head level in each department, resource needs for the upcoming year are identified. The previous year's budget is usually the starting point for arriving at an estimate, and is modified according to the following factors:

- 1 the Board of Control guideline figure;
- 2 any changes that are expected (e.g. new responsibilities or expanded field of activity) and what these changes mean in terms of resource allocation; and
- 3 any updating or replacement that is needed to maintain the present level of activity.

Where a division head is not sure of what changes to expect in the coming year, he usually combines the previous year's figures and adds a contingency figure based upon the Board of Control guideline.

This phase of the budget preparation is a frustrating one for many managers because of the difficulty of determining their needs for the coming year. Managers in operating departments are especially under pressure, since their budget will determine the maximum activity level for the next year. In addition, the figures they have to work with are reliable only up to the fall of the current year, so that managers must anticipate expenditures not only for the next budget year, but for much of the current year as well. The response to this kind of uncertainty varies greatly. Some managers make a serious attempt to determine their resource needs and to translate them into a dollar figure. Others, however, give up the attempt, and rely simply on last year's budget plus an increase calculated to be acceptable to the elected members.

In engineering departments, much of the budget preparation is guided by the Municipal Maintenance Management System (MMMS) which covers routine maintenance work. Under this system, standards for defining the quality or level of service are determined by the relevant committee of council in consultation with the engineers. For instance, the committee responsible for traffic, transportation and streets may determine that residential streets should be swept every four weeks. Similarly, the committee responsible for the environment and protective services will determine levels of service for the maintenance of the sewer system. It is then the responsibility of the division heads, perhaps with the assistance of the group heads, to translate these quality standards into the actions that will be necessary throughout the coming year. With consistent standards, the previous year's activities provide an important base for expenditure levels in the coming year. The MMMS also provides cost data, in the form of standard unit costs, which help to determine the resources needed to support that level of activity. Thus, although the MMMS reporting system has its own drawbacks, it can be a particularly useful tool at this stage of budget preparation.

When the division head is satisfied with his budget as prepared by himself and his subordinates, it is submitted to his superior for review. Typically the division head and his supervisor (department head, or division group head) will sit down together and go over the budget line by line, modifying it where necessary and keeping in mind the needs of other divisions and the guidelines as established by the Board of Control. The head of the department (board, or commission) then analyzes and reviews the total departmental budget and

submits it to the finance department, on standardized detail sheets.

November — Technical Review

The budgets from all the departments, boards and commissions are collected and analyzed by the director of budgets and his staff. When the budgets have been analyzed, the director and a budget analyst will meet with representatives from the different divisions, departments and outside boards and commissions to undertake a technical review of the budget. This review consists primarily of a comparison between the expected budget requirements for the upcoming year and the updated original budget for the current year. The process usually takes two weeks of intensive discussion.

The technical review can be said to have four purposes.

- 1 It identifies 'abnormal' expenditures. These are expenditure items which stand out, primarily because they are not within the expected increase as determined by the Board of Control guideline. This gives department heads an opportunity to re-examine their budget, to explain significant changes, and to get the opinion of the budget director about what the department head can expect to have approved. If, after discussion, the extraordinary or 'abnormal' item remains, it is noted for further consideration by the next administrative review level.
- 2 The review gives Finance an opportunity to communicate an estimate of expected changes in general expenditures to the remainder of the administration, e.g. expected salary increases for the coming year, expected increases in services — heating, water, insurance, etc. These changes can then be built into the departmental budgets.
- 3 The technical review also gives the administrative departments an opportunity to go over their budgets, and the process of producing them, with people who are most knowledgeable about the correct procedures.

This is helpful to both sides; some managers are unsure of the allocation of certain expenses and the review gives them an opportunity to check on their procedures. In some cases the budget director is able to point out expenses that have been incorrectly allocated either within activities or to the department as a whole.

- 4 The technical review also gives the finance department an opportunity to check on anticipated expenditures for the remainder of the current year. This allows the budget in effect to be updated.

Involved here is a discussion of whether the amount originally estimated for the current year will be insufficient or whether it will exceed requirements for the remainder of the year. In some cases (as in the Project Municipality studied) an appropriation policy is introduced to provide flexibility. It can be applied at this point and at other budget reviews through the year. Briefly, it allows unused funds to be transferred to a general reserve, from which money can be drawn

(on approval of the Board of Control) if budgeted amounts for other items have been insufficient.

Although this policy is intended to provide flexibility, many managers feel that it reduces their ability to manage since it requires them to justify their decisions to another department. In order to avoid having to justify extra expenditures, therefore, many choose to inflate their estimates to allow for contingencies, before they return excess funds to the reserve at this time.

November/December — Senior Administrative Review

When the director of budgets has completed his detailed budget review with the administration and the outside boards and commissions, the budgets are amended and updated accordingly. They are then aggregated and presented for review by the municipality's senior administration. Originally this review was intended as a discussion among the members of the senior management team; however, in the municipality studied, the chief administrator has chosen to conduct this formal review on a departmental basis allowing senior management team discussion and debate of the total budget to take place informally. Typically present at the senior administrative review of a department's budget are the department head, the chief administrator, the head of the finance department, the director of budgets and a budget analyst.

By this stage the departmental and technical reviews have identified and resolved many of the problems. The purpose of this review is to screen the budget more broadly, and to ensure that it is acceptably close to the philosophy of the elected members. At these sessions the 'abnormal' expenditures (whether high or low) that were noted in the technical review are introduced by the finance department, and the department head concerned is given an opportunity to discuss and justify them.

This meeting allows the chief administrator to be brought up to date on the details of departmental work and to communicate recently introduced policies regarding expenditure. It also allows him to correlate departmental budgets and to suggest changes. He may consider, for instance, that the departmental budget or a specific account is excessive and direct that it be reduced. Following this review the department head is then responsible for making any changes, e.g. if the total budget is overstated, the lowest priority items may be identified and reduced or eliminated. The department concerned often identifies those activities and decides which ones to reduce.

January — Standing Committees

When the administration is satisfied with its budget, it is presented to the Board of Control for review by the elected members. Before it reviews the budget, however, the Board of Control sends it to the various standing committees of council. In the municipality studied, one committee was concerned with streets, traffic and transportation; one with the environment and protective services; one with land use and development; and

one with social and community services. Each of these committees is responsible for the control of the budget in its particular area. In reviewing the budget, each committee considers the Board of Control guideline, the advice of the administration, and its perceptions of community needs. During the process the committee may call in members of the administration for explanation or advice. The administration and these committees will often work together to arrive at the budget figure.

February/March — Board of Control

When the standing committees have completed their review, their recommendations and the administration's budget are returned for deliberation by the Board of Control. Whereas each of the standing committees is responsible for the budget in its particular area, the Board of Control is responsible for the corporate budget.

The Board of Control traditionally reviews the budget on a departmental basis. Present at these meetings will be the Board of Control members, including the Mayor, the chief administrator, the head of the finance department, the director of budgets and his analyst, the secretary, and the head of the department whose budget is under review. Other members of the department may be present at the discretion of the Board of Control and of the department head. The majority of these discussions are public.

Some municipalities are beginning to introduce a program budget format at this level of review. Each department and division is asked to break its activities down into programs which have distinct goals and objectives. Expenditures can then be allocated by program and related to the base budget for the previous year.

During the Board of Control review, the finance department finalizes the revenue budget, and attaches the revenue model (which determines the mill rate) to the expenditure budget before it is adopted by the Board of Control.

A major source of managerial frustration during these months of review is the adjustment of a budget by a higher level without consultation or communication with the individuals who submitted that budget and who believed that it was justified. Senior and middle managers complain that cuts are made in their budgets by senior reviews on a *fait accompli* basis. They were given no choice or opportunity to justify the expenditure. They were sometimes also not informed that the cuts had been made. In one case a senior manager was not aware that his budget had been cut significantly until he noted a reduced figure in a financial information print-out weeks after the cut had been made. In the meantime he had acted on the assumption that the budget had been accepted.

Managers believe that these budget cuts are sometimes an 'arbitrary' and 'indiscriminate' dollar amount cut from the total budget. It was argued that cutting budgets in this way may be rationalized politically, but may not be rationalized in terms of responsible resource

management. Individuals were discouraged and disenchanted by these cuts and were often unsure of their meaning. One individual, for instance, reached a particular budget figure after considerable effort. At some cost, information had been gathered relating to different aspects of a particular task. This information was weighted with experience, discussion and interpretation of council policy. The budget figure arrived at in this case was the result of a long process of reasoning, experience and information gathering and analysis. A dollar figure was, however, cut by a senior review with no rationale given or communicated. Apart from disillusioning the individual and his staff, this created problems about the meaning of the cut — how it affected the department's plans and operations. When faced with this situation, some managers try, where possible, to maintain the same level of service with the reduced funds. They recognize, however, that this could imply an overstated budget. Other managers reduce activity levels according to a list of priorities which is often self generated and self validated. The same dilemma is created when individuals are directed to undertake work for which they are given no funds.

Managers also argue that the reports they receive from the finance department do not help them identify and solve problems, but provide only accounting data which are not tied to the cash flow.

A further problem noted in this area was that the financial information reflected expenditures only and did not record recovered cost or revenues. Consequently the net costs of programs were not determined nor the service level reflected by the Board of Control guideline figure. Administrators argue that they could plan more effectively if incomes and expenditures were reported together. With information reported in this fashion, the discussion of levels of service would be more meaningful, since without recorded revenues costs can be distorted. Against this approach is the argument that if subsidies were recorded to show net program costs, then there is a chance that the subsidy level would become the basis for decisions on the programs to be undertaken. Even with the subsidy, it is argued, the municipality's share for the program might not reflect the best use of these resources.

March — Council Adoption

Upon its acceptance of the corporate revenue and current expenditure budgets, the Board of Control submits them to the City Council for its approval. Council normally discusses the budget clause by clause and will make amendments as it sees fit. It also may call upon the administration for assistance. Acceptance of the municipal budget by council requires a simple majority but a 2/3 majority is required to overthrow recommendations of the Board of Control.

There is some concern on the part of managers that the politicians too often measure programs at this time mainly by the amount of money 'left in the pot'. Because of the lack of evaluation tools to justify their operations and to show when they are providing services at levels in accord with council policy at the lowest possible cost,

managers feel that they get no formal recognition of their efforts. Others feel that council members concentrate on inappropriate 'nit-picky' details rather than on policy issues in evaluating how effectively resources are used.

The Remainder of the Budget Year

Throughout the year each manager receives, each week, a print-out giving a report on his budget. This print-out follows the same expenditure category format as the traditional budget. For each category is shown:

- 1 the year to date expenditure and commitments;
- 2 this figure compared to the budget;
- 3 the variance involved, whether under or over;
- 4 last year's budget compared to this year's budget; and
- 5 the balance remaining, as a percentage of budget and in dollar figures.

The print-out for the final week in the month is a summary of the previous weeks in that month. This document is used as the basis for a departmental monthly review of the status of the budget. These reviews are important because appropriations and fund returns can be made throughout the year. The finance department conducts a mid-year budget review with all managers in the summer, to ensure that the appropriations policy is correctly used. The results of this review are then reported to council.

The perceptions of managers about this part of the budget process vary according to their department and position. For small support departments the need for financial information is not of great importance. Because their operations are relatively stable, much of the budget can be quite precisely anticipated throughout the year. The weekly and monthly print-outs are therefore given fleeting if any attention by divisional and senior managers. The print-outs are used as a check on expectations and are often the concern of a junior employee.

For other more budget-dependent operations, however, the need for timely and accurate financial information is crucial. The engineering department, for instance, needs up-to-the-minute information on the status of any particular project and an accurate statement of project expenditures. For these needs, the routine financial information system is often inadequate in terms of the accuracy, timeliness and type of information. For this reason many, if not most, departments and divisions develop their own information systems. In some cases these duplicate and overlap both the formal financial system and other such systems, and the formal financial information print-outs are used mainly as a check.

The Capital Budget Process

The capital budget is a separate document from the more general current budget, and covers the financing of the municipal capital works. The process of arriving at the capital budget is more structured and less com-

plex than that for the current budget for the following reasons.

- 1 It is naturally composed of 'programs' in the form of self-contained projects or tasks to be accomplished.
- 2 It is based on a five or ten year forecast (the official forecast lodged with the Ontario Municipal Board is for five years but the engineering department works from a ten year forecast).
- 3 The bulk of the capital works budget applies to one department only.

Because the basic sequence of steps is the same as for the current budget, each of these steps will be reviewed only briefly here.

Board of Control/Finance Department

In September, the Board of Control, following discussions with the finance department, recommends a financial policy for the guidance of the administration in developing their capital budget inputs. This recommendation is founded on a finance department proposal which has been developed partly from the five year capital works forecast. The first year of the forecast is taken as a base and known changes that will have an impact on it are incorporated, e.g. reductions in financial support from higher government levels. This forecast of levels of activity or expenditure is also related to what Finance believes is an acceptable level of growth and what is considered to be an advantageous ratio of debt financing to capital levy.

Departments

Each department is then asked to develop a statement of its requirements for the capital budget bearing in mind the Board of Control's suggested guideline. These requirements are then submitted to the finance department to be integrated.

Senior Administrative Review

This tentative budget is then submitted for review by senior administrators. The main members of the review team are the chief administrator, the head of the finance department, and the head of the engineering department. Their review is usually completed and the capital budget approved at the administrative level by December. It is then sent to council for consideration.

Standing Committees

The budget is first presented to the four standing committees which are concerned with streets, traffic and transportation; the environment and protective services; land use and development; and social and community services. Following their deliberations and discussions with administrative people, these committees make their recommendations and return the budget to the Board of Control for an overall review.

Board of Control

As for the current budget, the Board of Control reviews the capital budget as a whole, and makes recommendations to council.

Council

The full council then debates the budget, and finally approves it during February or March, depending on the date of the municipal elections.

As with the current budget, municipal administrators have a number of concerns about the capital budget process. One of their main worries is the length of time required for projects to be approved. They have often seen construction delayed by a combination of the OMB approval process and the capital budget process until fall or winter. This results in:

- 1 additional costs;
- 2 problems with restoring construction areas, (which may have to be delayed until the following spring);
- 3 increased inconvenience for the public;
- 4 problems with calling tenders; and
- 5 missing the most economical and efficient construction times, especially the spring.

Managers also complain about changes made by elected members. They feel that the degree of flexibility introduces too much uncertainty and prevents the administration from being able to plan and use resources effectively. For example, they feel that items that have been in the capital works forecast for four years without question are too often cut from the forthcoming budget and replaced by 'pet projects' of greater political value.

Overview of the Problems

Managerial perceptions of the problems with each stage of the budget have already been discussed. This part of the paper draws together these perceptions into a more comprehensive view of the various problems involved with the budget process generally. These problems can be grouped roughly into six key areas:

- 1 problems with defining and understanding the purpose of the budget itself, and of the budget process;
- 2 problems with the focus of responsibility and control;
- 3 problems of communication;
- 4 the lack of mechanisms for evaluation of priorities and rewards for effective and efficient management;
- 5 problems with the length of the process; and
- 6 problems with management information.

Each of these areas will be discussed separately.

1 Defining and Understanding the Budget and the Budget Process

The most important problem with municipal budgets is with defining and understanding its overall purpose. In fact, most of the other problems identified rest on this fundamental weakness. There is widespread confusion about the purpose of the budget and the process of setting it at both elected and administrative levels. To some it is a restriction on their ability to manage, and to others, a time consuming inconvenience. At the same time, this single document is expected to provide management information, controls on activities and spend-

ing, performance appraisals, a planning guide, and to fulfil a number of other functions depending on who is using it.

It is this mix of conflicting expectations and beliefs about the purpose of the budget that makes the budget process so tension-filled and difficult. Any attempts to rationalize the process must, therefore, concentrate first on developing a constructive attitude to the budget as a financial and organizational tool, and second, on introducing improvements to each step of the budget process.

2 *The Focus of Responsibility and Control*

The role of the finance department in the budget process often raises questions about responsibility and control, particularly where the finance department is strong. Many managers feel that the budget process is primarily concerned with controlling and restricting their activities and see the finance department as a watchdog on their operations. Some believe that any benefits gained from improvements to the process would be for the finance department only.

Because the control of the process is seen to be in the finance department, many managers feel that developing an effective budget and budget control are not, ultimately, their responsibility. This leads to misunderstandings between departments, resentment, and barriers to reaching a meaningful and useful budget. There is a need, therefore, for a clearer definition of managerial authority and responsibility and for a better understanding of each individual's responsibility for budgetary control and for the success of the budget process as a whole.

3 *Communication*

Several examples of failures in communication during the budget process have already been given in the discussion of the steps in the budget process. The importance of good communication in all spheres of management cannot be overstated, and it is particularly vital for this process which is so important to the whole organization, and which consumes so much time and energy.

Higher level revisions without consultation are not only unwise in terms of resource management; they also lead to distrust, frustration and padded estimates. Lack of communication about how effectively funds have been used can, in fact, actively discourage managers from striving for an efficient and effective operation. Uncertainty resulting from poor communication with council about management policies and policy changes can have the same effect. Attempts to improve the process through a program budget format are also often ineffective because of poor communication. It is important, therefore, to approach the budget setting process as a co-operative effort and to ensure that everyone concerned understands what is going on and why. Too often, instead, budget time is seen as a battleground, with the result that everybody loses.

4 *Lack of Appropriate Tools and Techniques*

Although most municipal finance departments are to be

commended on their technical skills, there are a number of areas where managers and elected people lack the tools they need to fulfil their role in the budget process effectively. Some of these have already been pointed out in the discussions above and include the following.

a LACK OF MECHANISMS TO DEAL WITH UNCERTAINTY

This is true of all levels, from the front line manager who must guess about what his service demands and costs will be in 16 months, to the council member trying to set long range policies. Because of this doubt, when a figure is finally reached, even as a guideline, it is seized on as 'written in stone', and its weaknesses ignored.

b LACK OF MECHANISMS TO EVALUATE EXPENDITURES

Because there is no real gauge for evaluating how effectively resources have been used, much of the budget process must be carried out 'blind'. In addition, because it concentrates on individual expenditure items, only marginal changes are evaluated, and there is no vehicle for taking a meaningful approach to reducing unnecessary levels of service. Again, because managers' efforts cannot be evaluated and recognized, there is little incentive for them to strive for effective operations.

c LACK OF FLEXIBILITY TO DEAL WITH CONTINGENCIES

This is a problem which is only partially dealt with by mechanisms such as appropriations policies. Because needs are so hard to identify, and because of their inability to transfer funds across accounts, many managers pad their estimates to allow for contingencies, and to avoid a reduced account for the following year.

5 *Length of the Process*

In fact, the budget process is an on-going cycle which is an integral part of other management processes. As a result of the prevailing attitudes towards the budget, however, it has in many cases become an inconvenient and time consuming interference with basic management tasks. There are heavy demands on managers to write reports and explain details at the different levels of review. There is also a problem of timing within the cycle, with policy decisions that should be made at other times of the year being made at budget time. Many managers also feel that there is excessive 'red tape' and that too many levels of review are involved (when, for example, a police budget passes through eight separate checks and reviews). The time lag involved also:

- a causes problems with validating the figures for the guideline increase;
- b constrains managers from acting on their budgets until they are approved (some six months after they are submitted), thus delaying decisions and service delivery;
- c impedes potential economies and advantages; and
- d delays establishment of the tax rate.

6 *The Need for Management Information*

The budget and the financial data that flow from it throughout the year are important sources of information for municipal managers. Most managers have several sources of information, both formal and informal from which to draw in their everyday management activities. The budget, which reflects financial information, is one such formal source.

There are a number of problems involved with formal information generally, the most important being its failure to provide meaningful management information according to users' needs. These problems, and some suggestions for solving them, are discussed in detail in paper 12 in this book. It should be noted, however, that they are particularly acute in the budget process and that without good information, managers are deprived of their most important financial tool.

Recommendations

1 *The Corporate Budget*

a RELATIONSHIP TO MANAGEMENT

The budget is a management tool at all levels of municipal management. Its purpose is to aid managers in planning, prioritizing, managing and controlling their operations. At the council level it represents a statement of the fiscal balance between acceptable levels of service and acceptable levels of the cost of that service to the citizens. Council guidelines must be based upon that balance and it is the job of administration to provide the most important services at the desired levels as efficiently as possible.

Unfortunately, for many of the reasons earlier identified, the budget is not viewed as a system which assists administrators but rather as one which constrains and threatens them and which actually restricts their ability to do their jobs. If managers perceive the budgetary system as being superimposed on them, have little input to both the form and the development of the budget and receive little feedback from higher levels when changes in budgets are seen to be necessary, they become alienated from the process and are unlikely to use it for effective management.

Several potentials for improvements in the budgetary process are inherent in the previous paragraph. First of all, managers need to be trained to use and regard the process of budgeting and financial management as a positive management process, which is their responsibility and which lies, to a large extent, within their control. While some theoretical classroom training may be needed, the primary influence can be exerted by more senior managers who use the budgeting process effectively and who help, advise and give feedback on priorities to the more junior managers. Managers at all levels should be encouraged to set priorities and to look for ways of increasing efficiency. Some protection should be built into the budget for managers who err in estimates as a result of well intended but optimistic estimates of expenditures which were exceeded by no fault of the manager himself. Succeeding budgets should not be contingent upon expenditures in the pres-

ent year but rather should be based upon objectives for the applicable budgetary period.

Budgeting cannot be carried out in isolation from other management processes. Junior managers need to be involved in financial allocation decisions; they need to have definite objectives and to know the costs of achieving those objectives; they need to set priorities; they need to know the priority of their work in terms of the larger picture; they need performance and productivity measurement tools to provide them with information on efficiency and effectiveness; they need a meaningful financial information system; and they need to have communication with, and feedback from, the person they report to in regard to priorities, budgetary revisions, etc.

b DESIGNATION OF RESPONSIBILITY

The respective responsibilities of the finance department, of any existing financial or management audit function and of the managers themselves, with regard to budgeting and control of expenditures, must be made clear. Finance must provide Council, Board of Control and committees of council with advice regarding fiscal guidelines. Finance may also assist any of those bodies by developing techniques for the determination of priorities.

While Finance will also need to provide advice to managers, which will include interpretation of guidelines, the responsibility for the budget in each organizational unit will be that of the manager in charge. In so far as possible, the budgetary process should serve the needs of the managers themselves and this implies some flexibility in the process between departments. Where the finance department is able to suggest new and better techniques of budgeting, e.g. program format, the rationale for the new approach and an appropriate procedure for its introduction will need to be worked out with other managers, so that the new process benefits as many people as possible. It is probable, in many cases, that a program of education will be necessary for non-financial managers before they can really participate in improving the budgeting process.

Financial control is mainly the responsibility of each manager but the finance department and/or data processing department can provide a control system with checks and reminders to assist all managers. The issue of control over surplus funds needs to be resolved at the senior management level in a way that will contribute to optimum organizational effectiveness.

c LENGTH OF THE PROCESS

The process should be as simple as possible in fulfilling the management needs discussed in paragraph 'a'. Whenever a manager feels that he has an idea which will simplify or speed the budgeting process he should discuss that idea with his superior, a finance department advisor, or both.

One of the problems caused by the length of the process has been the delayed approval of projects, resulting in wastefulness and late construction of facilities in some cases. This problem can be largely answered through

prior approval of high priority items. A prior approval procedure will not solve the problems caused by delays for those low priority items which must remain in doubt until the final budget review, but these should not constitute a large proportion of either works projects or equipment purchases.

d PROBLEMS WITH INFORMATION AND COMMUNICATION

The problems in communication largely arise because departments are jealous of their own areas of responsibility. Once these have been resolved as mentioned in paragraphs 'a' and 'b' and the finance department is able to play an advisory role, most of the communication problems should disappear.

Councillors generally require a greater degree of familiarity with the budgeting process than most have at present. An awareness of the total process will help councillors to make decisions more rapidly and to make better decisions. Clear corporate and administrative programs and program objectives can be very helpful in this regard. The remainder of this section is devoted to a discussion of program budgeting.

Program Budgeting

The finance department in the municipality which provides the basis for this paper had, for some time, attempted to introduce program budgeting. While they were successful within their own department, other departments were not convinced of the value of the new approach. In this respect the finance department recognized that they were at a 'crossroads' as far as the introduction of a program budget was concerned.

Program budgeting is not new. It has been tried and accepted by some local governments and rejected in others. The basic difference between a program budget and a traditional budget, i.e. by object of expenditure or 'natural' accounts, is that the traditional budget emphasizes inputs to the organization whereas the program budget emphasizes outputs from the organization. The program budget relates ends to means and outlines the use of resources as well as the quantity of resources required.

Such an approach relates all organizational activities or programs to the fundamental goals and objectives of the organization. It also relates the delivery of services in those programs to the resources — time, money, materials, etc. needed to support that level of service. Consequently, whereas a traditional budget can be used to relate revenue to the objects on which that revenue was spent, a program budget can be used to examine the relationships between resource inputs, service areas, levels of service and desired organizational direction. This is important because it suggests that a program budget can provide more management related and meaningful information.

In the remaining sections of this paper the advantages of program budgeting are discussed and some of the requirements for its successful implementation are identified.

The Benefits of Program Budgeting for the Council and the Administration

For the council, the program budget approach facilitates corporate management. It allows the elected members to use and discuss the budget as an expression of corporate policy, matching municipal resources to community needs, rather than as an internal financial control document. A program budget helps council to identify the controllable parameters of their decision-making, and to highlight areas of concern that require decisions from their level. It also puts problems in an operational perspective such that council can move away from administrative detail and deal with more important issues, stated in an action-oriented context. A program budget also allows them to rationalize their decision-making in terms of service levels and cost effectiveness rather than on the basis of political regulation of the administration.

When a decision regarding resource allocation is made, it entails the acceptance of a program and a level of service within that program. It is not just an authority for the administration to spend. Planning is improved because decisions become choices between more clearly defined alternatives. Council decisions are improved because the impact of these decisions on municipal activities can be seen more easily.

This approach to budgeting also encourages the elected members to make policy decisions throughout the year, relative to a priority of needs, rather than at budget time when decisions tend to be made on the basis of financial constraint. This could shorten the budgeting process considerably and reduce the number of gatekeeper reviews needed.

The administration can use the program budget as an expression of its interpretation of council policy. This approach moves the emphasis from an historical budget-to-budget approach to a future task orientation. Consequently it becomes the responsibility of managers to develop programs in response to council policy, to translate these programs in terms of the services supplied and the resources required and to present alternative programs with associated costs and benefits. A program budget encourages managers to take the responsibility for the development of strategy but it also recognizes that responsibility by giving accountability at the same level. The emphasis on budget roles is moved from different levels of spenders and cutters to levels of policy makers, program determiners and program evaluators. The budget does not start at the bottom and is cut on the way up, it begins with identification of responsibility at the top level.

A program budget gives managers an opportunity (and a responsibility) to justify their expenditures and support their arguments in terms of service levels, whereas the traditional budget emphasizes the justification of expenditures in terms of increases over the previous year's expenditures. The program budget introduces a potential for a more meaningful evaluation because the inputs and outputs that it attempts to describe can be related to measures of performance. It has been noted

that if the budget is not related to measures of performance or to the management task then the decision-making involved becomes passive, historically related, standardized and routinized.

Because a program budget presents not only a financial record of what was spent but also gives the reasons why that money was spent, it is a better reflection of resource use and management. It gives administrators leverage to show, through the relationship between resources and activity, that they are using the resources effectively and efficiently. This provides incentives, encourages efficiency and makes the budget a more meaningful planning exercise. Programs also help managers to identify their information needs, rationalize their decision-making and prepare better arguments for resources, thus reducing justification time.

In summary, the program budget is an improvement on the traditional budget. It improves management decision-making at all levels because it reflects managements' tasks and purpose. By identifying choices and illuminating priorities it meets managements' needs to plan operations, allocate resources, control operations and to improve and be responsible for personal performance.

For program budgeting to operate successfully in a municipality and for the above mentioned benefits to be fully achieved the following are necessary:

- a corporate goals and broad objectives;
- b an integrated system of municipal programs;
- c user education;
- d time and expertise (finance department);
- e identification of management responsibility and assignment of authority;
- f a review of the supporting accounting system.

Each of these requirements will be discussed separately.

a THE NEED FOR CORPORATE GOALS AND OBJECTIVES

Before the administrators can determine effective and realistic programs they need to be able to establish what they are trying to accomplish, how they are going to accomplish it and how they are to evaluate their progress. These things are implicit in a program budget which must reflect corporate policy throughout the different levels of the administration. With no corporate goals and objectives the program budget has no real basis, direction, justification or meaning to users. The traditional budget, which reflects accounting entries, needs no such basis. For this reason the LGMP staff have been loath to recommend a program budgeting approach to municipalities with no integrated ongoing system of goals and objectives in operation.

b THE NEED FOR AN INTEGRATED SYSTEM OF MUNICIPAL PROGRAMS

The program budget should follow a clear statement of direction, with the programs flowing from the corporate and administrative goals and objectives. Corporate

policies should be connected to the specific tasks and activities which represent the administrative strategy. These programs need to be integrated and co-ordinated throughout the organization in order to get the correct balance of services to the community. If the programs are not linked to the corporate strategy there is a danger that they will be established on the basis of the ongoing activities only and not represent tasks to be accomplished in the year ahead. Also without corporate direction each division will establish its own programs independently, without co-operating with others. Although this may seem to benefit each individual division the advantages of the program budget will not be fully realized at higher levels if programs do not relate activities that contribute to common objectives. At the corporate level, the administrative strategy will be seen to be composed of many diverse and unrelated activities.

In the municipality examined, this situation existed with the 1977 program budget, which was composed of a large number of independently determined programs. This promotes unnecessary bulk, disorganization and requires extra decision-making time. It also obscures the full implications of any programs which have components in more than one division or department.

Once programs have been established, they should be put in order of importance according to the most appropriate criteria — public safety, political expediency, cost savings, etc. A system of programs to be accomplished, which are put in order of priority, would assist operating departments, in particular, to plan their work more effectively. The MMS system in the engineering department works well for establishing how efficiently a job is done but it will not tell the engineers which jobs need doing and in what order. The departmental systems need overall direction.

This also holds true for the standing committees of council which, it is argued, tend to make resource decisions independently. Without a common concept of the organizational and community needs and resources, the extent of resource availabilities for allocation by each committee cannot be determined. Consequently these committees' decisions cannot be effectively integrated. A set of prioritized programs, which reflect the most efficient way to achieve corporate objectives, can provide the basis for the overall direction and integration.

c THE NEED FOR USER EDUCATION

If a system is to be accepted as a management tool the managers who generate and use it must be convinced of its usefulness. In the municipality which was examined, many managers were not convinced that the program budget was useful to them and consequently they did not give it the support or sincerity it deserved. Many of those involved with it did not understand it. Some were unsure of the meaning and function of a program while a few were uncertain of the function and purpose of a budget. For a program budget to be successful, the individuals who use it and create it need to be able to understand the concepts involved, to be able to relate these concepts to themselves, their department and

their municipality and to think and manage in these terms. In some cases considerable education and motivation will be required.

d THE NEED FOR TIME AND EXPERTISE

The budget process itself is an aspect of municipal government that absorbs considerable resources. To change such a major process would require considerable time and effort on the part of all involved. A few senior managers, in the municipality which was examined, were not sure that the effort necessary to pursue program budgeting further was worthwhile.

The finance department pointed out that it did not have the resources to help all the departments in the municipality to develop a sophisticated program budget similar to its own. This means that if program budgeting is to be pursued, individual departments must be prepared to take the initiative. Co-ordinating and training assistance might be possible without overly straining the resources of the finance department.

If the scope of the program budget is extended the traditional budget will still be required in tandem for a period of time. Considerable resources will be necessary to manage both systems.

e THE NEED TO IDENTIFY MANAGERIAL RESPONSIBILITY AND ASSIGN AUTHORITY

The program budget approach works best when both responsibility and authority for the different management aspects of a municipality are assigned to the managers who have access to the most information and expertise. This means that each manager should be responsible for, and have authority to, operate the programs under his direction. The more senior managers are responsible for obtaining necessary resources, for setting integrated objectives, for co-ordinating the programs and activities of their junior managers and for ensuring that the programs accord with upper level organizational objectives. Under this type of organization each manager should have an opportunity to justify his own management activities rather than having his budget subject to 'indiscriminate' cuts.

A budget, particularly a traditional budget used in isolation, is not an effective control mechanism. Often a manager is the only individual who thoroughly understands his own operation. Most have the opportunity to pad their budgets if they wish. If a manager sees that the budget is used primarily as a control process he will be encouraged to overstate his budget at the beginning of the process and to ensure that the balance has been spent by the end, so he is not subject to sanctions now or in the next fiscal period. An appropriations policy with insufficient flexibility will have the same effect. Most managers in the municipality examined, while agreeing with the spirit of the appropriation policy, felt that it was overly constraining.

If responsibility and authority are to be designated in accord with expertise the budget system must encourage and support the assumption of that responsibility. Goals, objectives and attendant programs can provide the basis for that assumption of responsibility and also provide a basis for control.

In the municipality examined, the budget process was under the direction of a division of the finance department. In other municipalities, however, the director of the budget may report to another department, direct to the Chief Administrator or to the Mayor. The ideal budget reporting relationship depends upon the function of the budget. If the function of both the finance department and the budget is essentially one of financial accounting and control then responsibility for the budget is well located within that department. If, however, the budget is seen as a supportive activity, an expression of the plans, activities, objectives, etc. of the council and administration working together, then it may not be well suited to location within a department with implied control. In this case, perhaps the link between the budget and corporate planning should be strengthened through designating both functions to a separate body. Such a reporting relationship would emphasize the service aspects of the budget and would also separate the budget from the internal auditing function. Therefore, it is suggested that the purpose and function of the budget should be established before responsibility for that process is allocated.

f THE NEED FOR A SUPPORTING ACCOUNTING SYSTEM

Once corporate goals and objectives are established and programs are in the process of being determined, managers will be in a far stronger position to identify the type of information that they need. Information needs differ significantly among managers. Each manager needs information to make meaningful long-term plans, to establish budgets, to make realistic cost/benefit analyses, to review the performance of both himself and his operation and to make day-to-day program analysis and evaluation decisions. Different types of information are needed for each aspect of his job. Different jobs also require different information. For some, timely information is crucial while for others this is not so important. All managers, however, want information in a form that lends itself to operational planning, execution and control. A financial reporting system based on programs can easily be designed to fit such requirements, especially if revenues are recorded as well as expenditures.

Such a breakdown of information would not suit all managers, however. The cross-charging required by some programs would involve more than one department, division, or source of revenue and would extend beyond the jurisdiction and control of individual managers. In such cases, therefore, an object classification breakdown may be more meaningful for day-to-day decisions and housekeeping information.

The municipality examined is fortunate in having a data processing facility with the ability and capacity to provide information in management form, once that form has been identified. Gathering data by program may mean simply allocating new numbers to the code of accounts. This department has developed a job costing system for the allocation of costs to programs. This approach may be suitable for application by other support departments.

On the basis of this analysis, and the apparent administrative needs, it is recommended that there is a need in this municipality for the benefits that a more comprehensive program budget format can provide. Whether or not the program budget approach will be expanded successfully will depend upon the willingness of the municipality to act upon those needs, to devote the necessary resources, to take the time and effort to develop meaningful corporate goals, objectives and programs and to develop an adequate understanding and acceptance of the system throughout the staff and elected body.

2 *The Capital Budget*

The two basic problems identified with the capital budget process are the length of the process and the inconsistency of decision-making at the elected level. These result in a considerable increase in municipal costs which are not documented, however, because they do not follow the cash flow. For instance, the most acceptable bid by tender in September-October may be far higher than the most acceptable bid would have been had the tender been placed in May. These opportunity costs can not be precisely determined but they can be estimated to support the argument for a shorter process with a more predictable outcome.

A shorter process at the municipal level can mean that construction work may be started sooner in the year at less cost. A more predictable outcome can mean that time may be taken to seek economies rather than inefficiently rushing the work once the project has been approved. A shorter, more predictable, process would make a definite contribution to more efficient construction and greater benefit and less cost for citizens.

A council cannot, of course, commit a future council, therefore, biennial elections consequently place severe restrictions on continuity. A new council, however, may be able to determine with some certainty what capital projects are to be undertaken through its two year life, rather than taking each year as a separate entity. Improved control in this area means some reduction in the flexibility of council decision-making but may actually promote a less political allocation of capital projects.

Greater control can be achieved if the capital budget is linked more closely with the five year plan and the official plan. Managers responsible for debenture financing have suggested that if this relationship were closer they would be able to take advantages of changes in the bond market. The implication is that, in some cases, financing probably could be arranged on more favourable terms. Increased certainty in the capital budget has the potential to reduce both finance and constructions costs.

Increased certainty and greater control can also be achieved through the establishment of a generally accepted priority ranking system for projects under the five year plan. This system could be based on corporate goals and objectives and be similar to the priority scale recommended for programs under the current budget. A generally accepted priority system could encourage

more effective planning and reduce last minute project switching for short-term political reasons. The projects already in the plan, and those to be introduced, could be subjected to a cost/benefit analysis related to corporate goals and objectives, community needs, available financing, legal obligations, etc. Such a priority system could reduce debating time during the budget process and also provide long-term stability to corporate spending on capital works projects.

It was beyond the scope of this paper to investigate the OMB process but it was noted that a municipality could apply to the OMB for permission to commit a percentage of the previous year's expenditures before getting final approval. Savings in time and money would also be possible if this strategy were adopted.

Summary

The budget was one of the first formal management systems originated by the early town councils and is one of the established processes in municipal government. As local governments have grown, so their needs have grown and changed. Among the growing needs are for vehicles for both internal and external communication, sophisticated management information, control procedures, performance appraisals, planning processes, and for organizing the multi-million dollar projects and operations in local government and relating them to the revenues needed to support them. Too often, the budget process has been designated to meet these diffuse needs. The traditional budget, as a simple financial accounting system, has been asked to do too much. Because it was an accepted control process it was used to absorb growing complexity through greater control. As a result, the process became overloaded, time consuming, unable to meet managers' complex needs, and eventually a source of frustration, discontent and disincentive.

There is no one process that can meet all of the diffuse expectations of large and sophisticated municipal governments. Many different processes are needed to meet specific needs and they should interlock to meet the more general needs of individual managers and corporate executives.

The council is responsible for establishing policies and for ensuring that they are adhered to in program form. The administration's responsibilities are to interpret policy decisions, develop programs and to implement them in the most effective and efficient way possible. The integrated budget process needed to support such a system must reflect those responsibilities. A budget makes goals and objectives explicit in monetary terms. Efficient and effective interlocking of the necessary parts of this integrated system requires the organizational environment established by an integrated goal and objective setting process.

Finally, the approach taken in this study to the evaluation of an organizational process by obtaining input from the managers involved was found to be particularly useful. The managers who are close to the problems created by a process are in the best position to

make them explicit. They are also often in the best position to identify possible solutions.

Many managers were not fully aware of their information needs or of the ways in which the budget process could be changed to meet them. Preparing for the interviews, and the interview process itself, helped managers to identify the role of the budget and the problems they were experiencing. This approach also provided a means of developing concepts and approaches with the people who would be most affected by them. This can lead to the development of more useful processes than those which are imposed as 'solutions' to what are, in fact, poorly defined problems.

One problem was encountered. To be most valid, the needs of all the different types of users should be incorporated into the recommendations. For this particular study, only the needs of administrators were identified. It is recognized, however, that the municipal budget is used as a management tool by others, including the elected members, other governments, investors and the general public. If this study could be extended it is suggested that the different perceptions and needs in those areas also be identified and incorporated into the recommendations.

Introduction

In some cases the problem identification and goal setting processes will uncover fundamental defects in the organization of a department or smaller unit. In such cases, an effort to improve management processes and the level of departmental effectiveness may be wasted because unwieldy structures within the department itself present too great a barrier to change and improvement. This paper, which is based on the LGMP experience with reorganization and how it relates to goal and objective setting, provides some guidelines for identifying organizational structure problems.

The LGMP staff had originally felt that, by going through the process of setting goals and objectives in their present jobs, managers would become more aware of problem areas in their current mode of operation including inadequate organizational structure. Thus, it was felt that reorganization, following the determination of goals and objectives, could be carried out on a more rational basis and would be more likely to achieve its aim of improving effectiveness. In some cases, however, managers were faced with crisis situations and wished to reorganize prior to goal and objective training. The LGMP Team found that somewhat different techniques were desirable for reorganization when goals and objectives had not yet been determined. This paper will discuss techniques for reorganization both before and after the determination of goals and objectives.

Reorganization Before Goal and Objective Training

The LGMP staff were asked to help with reorganization prior to goal and objective training in three different situations. In all three cases the top managers involved had experienced an initial goals and objectives seminar, so they had some knowledge of the theory but little practical experience, especially in objective setting.

The three cases briefly described below, are examples of situations in which organization before training may be feasible or even desirable.

- 1 Immediately prior to the advent of the LGMP, management consultants had discerned a need to reorganize a certain large department, and had suggested an appropriate, if traditional, structure. While this new structure was acceptable to the department head, it was not met with favour by the second level managers (division heads). The LGMP was asked to help work out the resulting impasse.
- 2 In another relatively large department, for various reasons the department head was faced with the loss of more than half of his division heads over a fairly short time span. He felt the need for some kind of departmental reorganization and saw the time before the new division heads became established in the existing structure as being appropriate for a reorganization.
- 3 The third case of reorganization prior to training occurred in a department where, at the outset of the LGMP, the top managers were not committed to the goals and objectives system. Several of these managers, including the department head, eventually retired and were replaced by younger men. The new department head felt a strong need for more effective teamwork, did not favour the existing organization, and decided to reorganize before goals and objectives were determined.

Procedure

Listed below are the nine steps followed in one of the above described departments for the purpose of reorganization. They provide an example of a strategy (letting function determine structure) which could be used successfully in any municipality. As always, however, any change must be based on the particular needs of each organization, and the experience of the LGMP can be taken as a guide only, and not as a blueprint. (It is noted that five division heads reported to the department head in this particular department.)

- a Division heads identified all functions performed by present divisions. These functions were grouped and categorized.
- b Division heads identified problems which existed in the present organization. Probable causes were assigned to the problems, including possible structural bases.
- c Division heads, using the grouping of functions and considering the problems (and probable causes) previously identified, were asked to make suggestions regarding areas of responsibility for a new divisional structure, incorporating the functions identified, as well as any additional functions deemed necessary.
- d Sub-divisional managers, who were to perform special functions were tentatively allocated to the new divisions.
- e The department head and division heads agreed on the allocation of the new divisions to specific division heads.

- f Each division head set preliminary goals for his new division, reviewed the functions in light of the goals he had set, and then met with the other division heads to determine clearly defined areas of responsibility and more definite goals for each of the divisions.
- g Each division head met with the major managers assigned to his new division to establish a final structure and manpower needs (taking into account the manpower available).
- h Division heads met to agree on the allocation of manpower, financial resources and responsibility to each division.
- i Division heads met with their subordinate managers to review divisional goals, determine goals for sub-divisional management levels, and to begin to set problem-solving objectives. The remainder of this process involved routine goal and objective setting as outlined in paper 9, except for the fact that the division heads found it necessary to have objectives determined at the area foreman and superintendent levels, before they could set them at divisional level. These objectives provided the division head with information on what his new subordinates were doing and enabled him to begin to set objectives at the divisional level.

It will be noted that the department head in this particular department did not play an active role in the early part of the process. Instead, he allowed his immediate subordinates (division heads) to come to an agreement among themselves of the new structure of the department. They presented their conclusions to him and after some minor changes the new organization was adopted. This approach was quite successful and was used with some modifications in the other two instances.

Reorganization After Goal and Objective Training

While the above process is satisfactory for crisis situations the Project Team recommends reorganization *after* the implementation of the goals and objectives system. When an organizational unit has developed goals and objectives managers have a clearer idea about what aspects of their responsibility are not being fulfilled. With that knowledge, they are better able to identify the specific problems leading to this negative situation. If the problem is one of inadequate department structure this should become clear. The decision to reorganize the department will then be based on a sound analysis rather than 'gut feelings'. As well, if the decision *is* to reorganize, the goals and objectives previously established will be helpful in determining the most appropriate structure.

The recommended procedure for carrying out a reorganization under these circumstances is not a great deal different from that outlined above. Of course the problem identification process (step b) would not be required as this would have been accomplished before the decision to reorganize had been made.

The department head may or may not participate during the early stages. The crucial point is that his direct

subordinates must be involved, and if he is likely to limit that involvement by his presence he should probably be absent during the early stages. The ultimate solution should be a team decision. If the department head is not able to work with his subordinates on a teamwork basis, it would be best for him to leave it to them to develop a proposal to be presented for his approval. In a case in which the division heads were unable to agree among themselves, the department head would be required to resolve the impasse.

Summary

Reorganization prior to goal and objective training will sometimes be successful in providing a workable structure. In cases where it is not feasible to wait for such training, carefully handled reorganization may be helpful. The drawback to this approach is the lack of certainty that reorganization is the answer. Numerous examples, within most managers' experience, indicate that a change in structure is often unconsciously used to sweep problems under the carpet, and thus to *avoid* rather than *solve* them. This approach is, therefore, recommended only for the most obvious of cases.

The contribution which previously established goals and objectives can make is the increase in likelihood that:

- a reorganization will be chosen as a means of resolving problems only in cases where the present structure is a primary problem; and
- b a suitable structure will be designed and implemented based on needs thoroughly identified.

The approach recommended is, therefore, to attempt reorganization only after goal and objective setting, unless the indications that structural change is needed are very clear indeed.

Of course reorganization will not, in itself, solve fundamental management problems. Nor does it guarantee that it will prevent the development of other destructive patterns and procedures. What it will do, however, if carried out carefully and with frank consultation at all levels involved, is make it easier for improvements to be introduced and to survive. It should thus make effective management easier to develop by providing a structure that facilitates efficient operation and by removing a major obstacle for managers who are trying to introduce effective management styles and procedures.

Introduction

An important characteristic of any management system, particularly when goals and objectives are involved, is the ongoing and periodic review of achievement and of the requirement for new direction of efforts or allocation of resources. Although the need for review was emphasized by the LGMP staff at the outset of goals and objectives training, managers did not automatically establish a systematic review of performance. When such reviews were not established as part of the management process, management improvement was tentative and goals and objectives soon lost their potential to help managers to develop themselves and improve their operations. In other words, a review procedure was found to be crucial to increased management effectiveness.

The LGMP staff became convinced that rather than placing the emphasis upon the evaluation of managers and their achievements a review procedure should emphasize the development of managers and improved organizational processes. This paper describes a framework for such a procedure.¹

The operating procedures outlined here are descriptive rather than prescriptive and are intended to encourage openness of communication. They should provide both junior and senior managers with guidelines for the effective conduct of a review process. The first part of the paper describes the main parts of the review process – the ongoing review and the scheduled review. In the second part, the review interview is examined to help both participants prepare for it in a way which will encourage maximum input. (An attachment suggests guidelines for the conduct of senior and junior managers during review process interviews.) A final section deals with timing and a suggested starting point for the goals and objectives review process, and suggests other activities which can be included in the process. An example is given of how a particular type of review process was implemented in one municipal department, to indicate how the process may be altered to suit management needs.

The Review Process

1 Ongoing Reviews

Whether or not he is using a formal system of goals and objectives, part of a manager's job is to keep track of developments in his operation, to be sensitive to change, and to develop a sense of what changes, events and

problems are significant. He is thus constantly reviewing progress, checking on how the people working for him feel about their work situation and setting and revising objectives to improve effectiveness.

All these activities are part of the on-going review process, and are ultimately drawn upon for the more formal scheduled review of all objectives, personal management performance and of the state of integration, co-ordination and co-operation between managers.

The ongoing review is composed of two steps.

a INDIVIDUAL REVIEW BY THE MANAGER

Every manager has either formal or informal goals and objectives. Personal examination of his achievements and of the required actions associated with his objectives should be a continuous process. Objectives, relative emphasis and allocation of resources are subject to change as a result of pressures in the everyday working world. For this reason, the relevance of existing goals and objectives and current progress must be monitored and new objectives set and old ones revised as required. Effective management is a dynamic ongoing operation and goals and objectives are tools to provide direction and continuity for it. Managers who set formal objectives must therefore monitor them on an ongoing basis.

b TEAM REVIEW

In a team review, managers at the same organizational level meet as a team with their superior to discuss common and related goals and objectives and their stages of accomplishment. This team review could form part of the routine branch heads' or division heads' meeting. The purpose of the discussions is to improve communication, to identify common problems, e.g. work overlaps or unclear responsibilities, and to find mutually acceptable solutions to problems concerning co-operation and the co-ordination of activities. These team reviews can evolve into ongoing problem identification and problem-solving meetings where new objectives can be determined and communication within the organizational unit greatly enhanced.

1 Questions are certain to exist regarding the relationship of the LGMP review process to personnel appraisals and to organizational performance and productivity measurement. Paper 16 deals with the relationship of developmental reviews and performance measurement. Paper 17 discusses the measurement and improvement of managerial performance.

2 Scheduled Reviews

In an ideal world a scheduled review should not be needed for anything other than a check on pre-set deadlines. The everyday work situation, however, is not ideal; work falls behind, communications break down, feedback is not forthcoming, and so on. Thus, the scheduled review becomes an important part of goal and objective setting for a number of reasons.

- a Scheduled reviews provide a framework for managers to think about their jobs and future activities, and helps provide some perspective for gauging progress, dealing with problems, and allocating resources.
- b The usefulness of goals and objectives is based on providing guidelines and yardsticks for managers. This function is facilitated by a regularly scheduled meeting, enabling managers to step back and take stock of the situation with superiors, subordinates and colleagues.
- c Since objectives should usually be stated in terms of a definite time frame, regular reviews can help managers keep track of target dates and schedule their activities more effectively.
- d Where ongoing review is being neglected or where there are communication problems, the scheduled reviews can serve as a vehicle for bringing managers together to identify problems and to arrive at strategies for solving them. Senior managers can develop a better understanding of the needs of managers and employees junior to them. Management strengths can be identified, weaknesses discussed and management development of both senior and junior managers can be facilitated.
- e Regularly scheduled reviews also provide a means for following up on new ideas or strategies and for evaluating them.
- f A scheduled review can be seen as the completion of the goal and objective setting cycle, providing the basis for setting new targets where necessary. It also ensures that effective procedures and management styles are not discarded.
- g Scheduled reviews can provide an opportunity for a junior manager or subordinate to express career goals, requirements for training, motivational problems, and so on. This helps the senior manager to develop a better understanding of the people who work for him, so that he can help them to fulfill their personal objectives while they contribute to the organization.

The scheduled review is composed of three steps.

a PERSONAL REVIEW

The objective here is for each manager personally to determine (at specified periods, quarterly, semi-annually, etc.) whether his own goals and objectives are still realistic and whether progress is being made at an acceptable rate. He should ascertain whether his objectives are adequate to reach stated goals. He should also attempt to identify and deal with any

problems that are preventing him from accomplishing those objectives. Questions which will help him to do this can be drawn from those discussed later in this paper.

b SENIOR — SUBORDINATE INTERVIEW

This one-to-one discussion should focus on the accomplishments and problems of the subordinate manager in setting and achieving goals and objectives. The purpose of this interview is to give the senior manager an opportunity to assess his subordinate's performance and to help him to identify strengths, weaknesses and problem areas. Its aim is also to highlight those problems which can be overcome through the influence of the senior manager in identifying needs for change and new problem areas requiring new objectives. This interview is usually conducted semi-annually.

c REVIEW FOLLOW-UP — GOAL AND OBJECTIVE SETTING

Once the problems to be tackled in the future have been clearly identified, appropriate goals and objectives can be set. Existing goals and objectives which are still relevant can be consolidated by strengthening or modifying them as necessary. The goals and objectives determined should then be incorporated into ongoing individual and ongoing team reviews.

3 Preparation For the Review Process Interview (Superior - Subordinate)

All managers involved can make a much better contribution to a review interview if the proper groundwork has been laid. The interview should not present a threatening situation to either individual but to be most useful, it should be helpful and stimulating to those concerned. The meeting can be more productive if the subordinate and superior managers have given consideration to the areas represented by the following questions.

a QUESTIONS WHICH THE JUNIOR MANAGER SHOULD ASK HIMSELF

- i Taking each of my objectives in turn, have I accomplished what I set out to do by this time? Being as honest as possible, can I pinpoint why I am ahead or behind schedule? Can the senior manager help me overcome any problems? Is a shift in the allocation of time, money, people, responsibility or equipment needed? Are the problems within our control? Do any problems result from the behaviour of my superior or other managers?
- ii Do I have the necessary authority and freedom of action?
- iii What impact am I having on other individuals or departments which are depending upon me to reach my objectives?
- iv In retrospect, were the goals and objectives that I set the appropriate choice? Are they still realistic or should they be revised?
- v Do my goals still describe what I am trying to

accomplish in my job or should they be restated? What changes have taken place since my goals and objectives were set, e.g. in the situation, myself or in my area of responsibility? What do these changes mean for my future objectives?

- vi Am I getting the support that I need from other departments or divisions? What can be done to facilitate their assistance?
 - vii Is my career heading in the right direction? Will my personal goals and objectives help me get where I would like to go? Where do I need to improve? How does this apply to the people who work for me?
- b QUESTIONS WHICH THE SENIOR MANAGER SHOULD ASK HIMSELF
- i What are the subordinate's goals and objectives?
 - ii Am I fully aware of his work record? Has his performance changed recently? Has anything happened that could have influenced the work of the subordinate?
 - iii Is the subordinate fully aware of what is expected of him?
 - iv Am I aware of the problems that the subordinate is facing? How can I best discover what they are? Can I help him in any problem areas?
 - v Are there task or responsibility overlaps or requirements for better co-ordination with other sections or departments? Do I have information which may be useful to him in setting new goals and objectives or in planning strategy? What is my own area of responsibility and strategy? Do these affect the subordinate's work or career needs? How do the subordinate's goals and objectives fit with my responsibilities and priorities?
 - vi What do I know about the subordinate's strengths and weaknesses and how can I help him to recognize them and motivate him to take remedial action?
 - vii What are the career paths that are open to the subordinate? Am I aware of his career ambitions? Does he have the necessary qualifications? Is he being prepared for an appropriate future? Is he aware of his future prospects? What can I do to facilitate his progress?

4 *Timing of the Reviews*

The frequency of the review process meetings and interviews will depend on a number of factors including the time frame of objectives, the difficulty of introducing the process, and so on. Of course, the period between scheduled review processes must be neither too short for useful evaluation to take place nor so long that information is lost. Recommended spacing of review interviews might be:

- a annual review interviews spaced so that they are separated by six months from the annual performance appraisal; or
- b semi-annual review interviews spaced to coincide

with budget reviews so that budget and cost objectives can be examined; or

- c quarter-annual reviews which could also coincide with budget reviews.

For two reasons care should be taken, however, that at least one of the annual review interviews takes place at the greatest possible time separation from the performance appraisal. This is because:

- a it gives people a chance to work on their performance and accentuate the strengths and work to overcome the weaknesses identified during the review interview by the time of the performance appraisal; and
- b it minimizes the confusion between performance reviews and performance appraisals. The defensiveness and even hostility which so often characterize the reaction to appraisals can thus be minimized and the review process can perform a developmental role.

5 *Beginning the Review Process*

The Project Team recommends that in the initial phases of introducing the review process the senior managers in the city provide the guidance and impetus for both ongoing and scheduled review. This is recommended for three reasons:

- a the introduction of the process by senior managers demonstrates their commitment to the process and confirms its importance;
- b they are setting a responsible pattern for others to follow;
- c many managers in local government have little training in management techniques and often rise through professional ranks. Since managerial skills are most needed in the most demanding positions it is probably wise to start with senior managers.

6 *Other Considerations*

In addition to the personal, one-to-one and team reviews, the following activities could also be undertaken as part of the regular review process.

- a A REVIEW OF THE PURPOSE AND EFFECTIVENESS OF COMMITTEES.

A set of evaluative criteria for the operation of all committees could be established in order to gauge committee effectiveness. A sample set of evaluative criteria for a senior management team is contained in paper 20.

- b A REVIEW OF RESPONSIBILITY AND PROGRAM ALLOCATION.

At the department head level a special effort could be made to ensure that the efforts of branches and/or divisions are sufficiently co-ordinated, that responsibilities are clear, that all necessary responsibilities are assigned and that departments supplying support services are made aware of user department needs. Where the department itself is supplying support services, a survey of users could be incorporated in the review process so that the service can be improved where necessary.

C A REVIEW OF CO-ORDINATION AND OTHER CONCERNS AT THE SENIOR LEVEL.

At the CAO and/or committee of department head's level, the committee's purpose and effectiveness could be evaluated for changes and improvements desired in organizational support services and processes. The need for new programs or structures should also be discussed so that objectives can later be set in those areas.

The Development of a Review Process in an Engineering Department

This department's installation of a goals and objectives review process points out how the process can be tailored to particular circumstances and deals with a problem that may prove common to all engineering departments or administrations installing a review process.

The review process was based on a set of goals and objectives which were structured in an unusual way. Goals were spelled out at the department level only and all the objectives were established three managerial levels below, at the section level. Originally all four management levels had their own objectives, but these overlapped in so many cases (requiring duplication of effort and paperwork), that the above resolution eventually took place. While objectives existed only at the section level it was understood that upper level managers were responsible for ensuring the implementation of the objectives of all sections in their area of authority.

To achieve this ongoing monitoring requirement an ongoing review was established on a frequent basis. The ongoing review process agreed upon involved monthly meetings at all four management levels, beginning with a meeting between a division supervisor and his section heads to review specific accomplishments and problem areas. Branch directors, in turn, held meetings with division heads to review accomplishments, problems encountered, delays and necessary changes in timing or objectives. Finally the department head met with the branch heads to review accomplishments and to deal with any problems not resolved at lower levels. Also discussed were changes in objectives and any updating necessary to keep the management operation current. In addition, a general review of all accomplishments was scheduled to take place yearly, prior to the determination of the new budget.

This strategy, while meeting with the approval of most managers has not been without problems. The separation of functions in this large department, the nature of these functions, and the type of managers involved, demanded a large degree of flexibility in approach. Specifically, there is a great deal of difference between the types of expertise and managerial styles in the various branches of the department. At one extreme is the Engineering and Surveys Branch with a significant number of accredited engineers and professional staff. At the other is the Buildings and Equipment Branch with its mechanics and tradesmen managed by personnel who have generally come up through the ranks and whose background and management style are thus sig-

nificantly different from those of the professional engineers.

This variation in management style creates some difficulty in adapting a uniform approach to goal and objective setting and review. As the style of the department head is usually more similar to the engineering branch and division heads, some differences are likely to exist between his expectations in verbal and written communication and the actual abilities of his technical subordinates. Pragmatic technical managers may have more difficulty in dealing with new concepts and may resist a new system involving more paperwork.

Branches providing basic building and equipment maintenance have also found some difficulty in setting meaningful objectives for routine functions. The demands of other departments and divisions result in a continual re-shuffling of priorities, work schedules and so on, to ensure that the maintenance requests of the greatest number of people are handled by the fewest number of valuable tradesmen, in the shortest possible time. Given a daily complexity of short term crisis response, it is difficult to track and monitor the processes so that they can be analysed and improved, especially when set schedules can be disrupted by emergency demands and special calls for service from the elected level.

The LGMP experience has shown that these operational areas may require different handling. It is suggested, therefore, that in these cases a separate type of manager/subordinate review is necessary, one which does not require a great deal to be committed to paper, is geared to immediate concerns, and takes into account the abilities and management strengths of the individuals involved.

Summary

The LGMP experiences have confirmed that special management training is required in the area of performance reviews. Municipal administrators are notably hesitant to conduct developmental review interviews with the people reporting to them. They do not like to discuss the personal performance of individuals and, where performance appraisals are being completed, the associated interviews are either non-existent or inadequate.

The LGMP staff encountered severe difficulty in the area of performance reviews, even when they emphasized the developmental, career building and management improvement aspects of review interviews. Reviews of objectives had to be introduced first, either by management teams, as indicated above, or by one-to-one interviews. At the present time few departments are using a full-fledged developmental review.

The LGMP staff have always felt that performance improvement reviews and performance appraisals should be kept separate. Performance appraisals will unquestionably be based on the same information as is discussed in the performance review but the performance review can be used to stimulate improved performance, which

should result in better appraisals. By separating the two, the managers are given an opportunity to build on strengths and to overcome weaknesses prior to an appraisal which may affect pay or promotion. In addition, a manager is better able to listen and accept guidance when he knows that the weaknesses being discussed are not being recorded to affect his pay or career.

When approached constructively, the whole performance review process, and the different interviews it involves, are an important part of the overall manage-

ment improvement program. They provide an opportunity and vehicle for concentrating on the initial elements of effective management discussed elsewhere in this publication, most notably open communication at all levels, co-ordination and co-operation, effective delegation of clearly stated responsibilities and productive problem identification and solving techniques.

Guidelines for the Conduct of Superior and Subordinate Managers in Review Process Interviews

The following represents guidelines for a review process discussion between a subordinate and a superior manager.

The Subordinate Manager

- 1 The subordinate can identify his situation relative to the goals and objectives which were set previously. He can try to identify and explain the reasons for any variations from plans as he sees them.
- 2 He can suggest revisions of his goals and objectives if he feels that they are unrealistic or do not reflect what he is trying to do in his job. He can also comment upon the helpfulness of his current goals and objectives in guiding his own behaviour and for the benefit of the organization in general.
- 3 The subordinate manager can discuss his relationship with other departments, whether they help or hinder him. If there are problems in this area, he can discuss the nature of the problems and the alternative approaches that can be taken towards a solution.
- 4 He can discuss the appropriateness of the amount of authority that he is given.
- 5 He can suggest more or less support and guidance on the part of the superior.
- 6 He can discuss his desired career path.

The Senior Manager

- 1 The senior manager can assist the subordinate to define and understand problems, sometimes by clarifying information of which the subordinate was unaware or which he had misconstrued.

- 2 He can often help the subordinate to co-ordinate goals and objectives with other managers or different sections.
- 3 When problems are identified as being beyond the control of either of the two managers involved, e.g. when a change in organization structure is called for or when a problem is common to a number of individuals or sections, then the senior can give more weight to the problem and carry it further up the hierarchy where action can be taken.
- 4 The senior manager can often reassign resources to assist the subordinate to better accomplish his tasks.
- 5 He can consider the comments of the subordinate regarding his own management style and possibly try to modify his behaviour or his own goals and objectives.
- 6 He can suggest new goals and objectives that seem to be necessary.
- 7 The senior manager can discuss the strengths and weaknesses of the subordinate as he sees them. The discussion can involve suggested attempts to reduce the influence of the weaknesses through training, reallocation of responsibilities, etc., and encouragement of the subordinate to exploit his strengths.
- 8 The senior manager can help the subordinate plan his career pattern and suggest alternative courses of action that are open to him.

Introduction

Paper 15 discussed briefly the relationship between the performance reviews recommended by the LGMP staff and performance appraisals. The difference between the functions of the two, however, requires somewhat more emphasis. Essentially, the performance review (also called goals and objectives review) recommended in paper 15 fulfills the management improvement and management development role, which is one of the roles of performance appraisal. Since performance appraisals are usually called upon to fulfill other roles as well, their application to management development is somewhat questionable.

This paper first looks at some of the differences between the LGMP performance review process and more general performance appraisals, then identifies the areas generally served by a performance appraisal and comments upon the potential role of the review process in each of these areas.

LGMP Performance Review vs. Performance Appraisal

These two processes differ in three important ways.

- 1 A performance appraisal necessarily involves a wholistic perspective on an individual's overall ability to manage in his present position or possibly in a future position. The LGMP performance review, on the other hand, concentrates on the manager's achievement of pre-set objectives, the problems he is encountering in carrying out his job, and his perceived need for training and/or other types of work experience. A manager should never be fully appraised solely upon whether or not he fulfills his objectives. Factors which may not be directly reflected in objectives such as ability, potential, co-operation, help to other managers, motivation of subordinates, and his general contribution to the work and attitudes of others, are extremely important in appraising a manager's present and potential contribution to his organization.
- 2 A goals and objectives review concentrates on individual and organizational improvement and development, whereas an appraisal process may be used primarily to identify management ability for specific reasons, such as promotion or compensation.
- 3 A goals and objectives review is part of an organizational communication system. The system includes the initial joint horizontal and vertical co-ordination of objectives, the process of managing by those ob-

jectives, and finally, the evaluation and review of the meaning of those objectives and their contribution to organizational efficiency and effectiveness. Appraisal systems may or may not involve communication between individuals and almost never include an examination of co-ordination between managers.

Purpose of Performance Appraisals

Goals and objectives reviews can fulfill some of the purposes of an appraisal system. There are, however, other purposes which will require a special form of appraisal. Perhaps the easiest way to identify the special contributions of the LGMP performance review to management is to examine the various purposes for which appraisal systems have been used and to comment upon the potential role of the performance review in each of these areas.

Performance appraisal systems have generally been designed to fill one or more of the following purposes.

- 1 *To provide periodic feedback to individuals on their performance.*

The goals and objectives review process is designed specifically to do this.

- 2 *To identify training and development needs.*

The review process can be used to identify the subordinate's main strengths and weaknesses, and to identify needs for both formal training and informal development through special assignment.

- 3 *To identify career potential and possible career paths.*

Performance appraisal systems can be used to provide an assessment of an individual's promotion potential in the department and in the organization. They should identify whether an individual can be promoted at present or is likely to be in the future. They can also be used to identify the probable limit to an individual's advancement in the organization. Such a system can thus be helpful in identifying high talent potential at an early stage.

The LGMP performance review process will not contribute greatly to this objective. Specially designed appraisal systems are required to determine promotion potential and no system based solely, or even primarily, upon the achievement of objectives is likely to be satisfactory in this respect. Career desires, however, can be expressed during a goals and objectives review and the career paths available can be discussed by the superior and subordinate.

4 *To serve as input for manpower planning.*

When the performance appraisal is used to identify potential, it is a simple matter to use the data for manpower planning purposes throughout the department or the entire organization. Data on potential for promotion and ease of replacement can be charted for each individual and potential future manpower trouble spots can be identified.

Again, the LGMP performance review can help in this area but will not reveal necessary information concerning promotion potential.

5 *To determine an individual's level of compensation.*

Performance appraisals can be used to indicate the pay increase an individual should receive. When used for this purpose, overall performance is usually assessed on a numerical scale and compensation is tied directly to this scale.

The LGMP performance review process is not designed to be used directly for this purpose.

6 *To serve as a system of communication, counselling and motivation.*

A final purpose of performance appraisals is to use the process to facilitate communication between managers and subordinates (particularly in those cases where most of the communication goes one way), to provide counselling, and to provide a basis for improved performance.

This is one of the primary purposes of the goals and objectives review process and one which it can perform more adequately than appraisals. Managers become defensive when they know that pay or promotion depends upon their appraisal. Thus, much of the developmental input of appraisals is often lost.

Summary

Obviously, a performance appraisal system will not be able to satisfy all six of the above objectives, but it probably will be capable of satisfying several. The LGMP performance review process is probably a more effective tool for purposes 1, 2 and 6, and can contribute to purposes 3 and 4. If a municipality desires an appraisal system which will provide information specifically related to career potential, future manpower needs and proper levels of compensation (purposes 3, 4 and 5) the LGMP performance review process will not serve alone. If, on the other hand, management development and organizational process improvement are desired, a performance review process should be carefully considered in conjunction with a specialized performance appraisal system.

Introduction

Performance measurement can be broadly defined as feedback received by individual managers or groups regarding the impact of their job-related efforts. Its purpose is to inform managers of their progress in their appointed tasks, so that where necessary they may take appropriate actions leading to improved future performance.

The term 'performance measurement' in the local government context has typically referred to strictly quantitative measures of productivity, such as the number of tons of solid waste collected or miles of road paved per manhour, etc. Equally important, however, is information indicating how well managers are organizing, planning, controlling, maintaining or improving the effectiveness of their working units. Thus performance measurement can be divided into two closely related categories:

- 1 *service performance* — how well a manager's unit is doing the job assigned to it (e.g. maintaining sewers, drawing up zoning plans or selecting personnel); and
- 2 *managerial performance* — how well the manager himself is contributing to the health, efficiency and effectiveness of his unit (whether it be a work crew, branch, division, or entire department).

Contrary to popular usage, 'performance measurement' will be used in this paper to refer to any method by which performance (both in producing a service and managing the production of the service) can be measured. Thus it refers to a wide range of measures including not only indicators of efficiency, effectiveness and quality of service, but also some suggested guidelines for managers to aid them in examining how well they and their units are achieving their goals and objectives. These guidelines are designed to help individual managers to identify their strengths and weaknesses within the context of political, fiscal and organizational constraints, and to identify areas where they could act to improve the effectiveness of their organization.

The Purpose of the Paper

The purpose of this paper is to identify and briefly discuss means by which both categories of performance, described above, can be measured in local government. Periodic managerial reviews of objectives form a useful framework for this discussion because many of the measures of management performance are dependent upon clear objectives.

The ability to set meaningful objectives is dependent on the availability of some type of measure. The objectives, however, if carefully planned and agreed on, are essentially measures in themselves, as well as management tools. This paper discusses the measurement of performance using objectives first as a measurement of the achievement of service delivery (e.g. to reduce by x dollars the cost of street cleaning by a certain date) and second as the framework for the improvement of management processes¹ (e.g. to decrease the amount of time spent on writing reports). When used in this fashion, performance measurement should greatly enhance organizational efficiency and effectiveness.

Measuring Service Delivery

There are three classes of measures of performance in delivering services:

- 1 throughput;
- 2 efficiency; and
- 3 effectiveness.

These categories of measures are discussed in order of complexity, beginning with the measures easiest to introduce to local government services.

1 Throughput Measures and Measures of Activity

These are measures which focus on output (service or result) without any particular regard for either cost or the worth or value of the output. Throughput measures include such things as yards of street paved, tons of garbage removed, number of cases processed, and so on. Their usefulness as measures depends upon the ease with which they can be compared with past performance or with performance of other similar units.

2 Measures of Efficiency

These are measures which are frequently identical to those in class 1 except that the cost factor is included, either in terms of dollars or manhours. Class 2 measures focus on how economically resources (input) are converted into services or results (output), but again, without any real concern for the worth or value of the output. Among other things, measures of efficiency can be helpful in making choices between municipally and privately operated services, and between new equipment and old equipment with higher manpower demands. Examples of class 2 measures are cost per yard

1 Management processes are those actions and interactions carried out by managers which are not directly associated with production or service delivery.

of street paved, cost per 10,000 gallons of sewage treated, and manhours required per ton of garbage removed. They also include cost of a service such as mosquito control per 1,000 residents.

3 Measures of Effectiveness

Generally, any indicator of how successfully a municipality pursues its goals or objectives can be considered to be a measure of effectiveness. Specifically, effectiveness measures are results-oriented (i.e. they focus upon how well a goal or objective is accomplished without particular regard for cost²). Examples of measures of effectiveness include percent of crimes solved, accident rate per 1,000 cars, reaction time to fire calls, and transit time from one point in the city to another.

3a STANDARDS AND NORMS

Class 3a measures of effectiveness lend themselves to the following sub-classifications.³

- i Percent of ideal — (ideal is not necessarily considered to be achievable) e.g. percent of crimes solved or percent of illness successfully treated.
- ii Proportionate measures — e.g. service complaints per 100,000 residents or robberies per 10,000 homes.
- iii Non-proportionate measures — e.g. response time to fires, average frequency of street cleaning, transit time location to location, and average property loss per fire.
- iv Compliance with standards measures — the standard is created by establishing desired values for each component of a result. Points are allocated to each component depending upon its relative importance and the measure is a comparison of total points possible. (No points for exceeding standard.) An example might be adequacy of low cost housing.

Factor	Desired Level	Maximum Points	Points Off
Sq. ft./person	300 ft.	4	1 point for each 50 ft. below
Persons/bathroom	3	4	1 for each over
Storage space/unit	10,000 c. ft.	4	1 for each 2,000 ft. below

3b MEASURES OF UTILITY

Measures of utility combine factors present in both efficiency and effectiveness measurement in order to arrive at an index of cost effectiveness. Cost effectiveness analysis is useful in answering questions about how to achieve a specified set of objectives at the least cost or how to get the most effect from a given set of resources.

- 2 Given, however, that the thrifty use of resources is almost always an objective, the efficient use of resources in the accomplishment of objectives is also a measure of effectiveness.
- 3 This classification is basically that included in 'Measuring Effectiveness of Municipal Services', *Management Information Service*, International City Management Association, August, 1970, Vol. 2.

Some kind of cost effectiveness analysis is involved in evaluating the impact of most services, such as the construction of a road or a bridge or a school. The physical characteristics required are specified and an attempt is made to find the least expensive way to satisfy these specifications. Often the specifications have to be adjusted to fit into the budget and the question becomes: 'What is the best bridge (or road or school) that can be built for the money allotted?' Usually some of the specifications can be traded for others at a given budget level. Higher speed of construction may mean less durability; greater elegance of design may sacrifice certain economic features. It is important to know what is being traded and at what cost.

3c SUBJECTIVE EVALUATION

Class 3c measures involve a subjective evaluation of the quality of services delivered. This can be handled either by designated officials appointed by the municipality or through contact with the residents or both.

The former method involves training a civic employee to evaluate a service delivered by a department for which he is not employed. For example, specially trained inspectors might spend a portion of their time evaluating the cleanliness of streets, on a scale from 'very clean' to 'very littered'. Another portion of his time might be spent measuring the quality of road surfaces using a scale such as a 'bumpiness' index. In both these evaluations it is necessary that those who will be affected by actions taken as a result of the judgment see the evaluations as being fairly applied by all inspectors.

The second type of class 3c measures involves the evaluation of the quality of services by the citizens of the municipality. This type of information may be collected in several ways including the establishment of complaint or information centres, or survey techniques. Managers who are responsible for providing services to other departments within the city (such as Personnel, Purchasing or Finance departments) can use similar or more direct techniques (such as meetings, phone calls, etc.) to obtain information about how satisfied user departments are with the service provided.

Measuring Managerial Performance

The measurement of management effectiveness is also possible in management areas which are less directly related to production and service delivery. In fact, poor management on the part of high level managers is responsible for much of the inefficiency and ineffectiveness in local government in such areas as the interface between administration and council and the design and delivery of internal support services. The management literature to date has not dealt adequately with the topic of objective setting to improve management processes. LGMP experience, however, has shown that measurement and consequentially management improvement are certainly possible in this area.

Working on his own, a manager usually finds it difficult

to identify areas in which improvements in his management skills are both warranted and possible. However, by involving the people who report directly to him in open discussions of managerial effectiveness, he can often learn a great deal about problems which are being experienced and, at the same time, obtain innovative suggestions for improvement.

The following discussion centres around some potential areas for management improvement.

1 *Efficiency and Effectiveness of Management Processes and Procedures*

One of the areas in which managers can work toward improvement is that of basic procedures. Time and money are often wasted due to unclear responsibility, delays in approvals, failures of communication and general confusion concerning procedures.

A procedure is 'the recommended and agreed upon method for getting a specific job done'. Thus, there is a procedure for zoning changes, one for handling correspondence in a department, one for hiring new staff and so on. However, in most local governments, procedures are not well defined, or are repetitive, clumsy and wasteful of time and resources. A manager should feel that it is part of his responsibility to look closely at procedures, consider how they could be improved, and initiate programs for change where necessary. Measurements of success include time and money saved and the number of more favourable reactions by those receiving a service.

When a manager undertakes a review of his performance in this area, as in all areas of managerial work, the first task is to identify what he should be accomplishing. This is not necessarily the same as setting objectives, but it requires the same kind of thinking about, and clarification of, what he and his unit are trying to do. This is probably the most difficult task as it requires a firm understanding of goals, priorities and needs.

Once this is accomplished, the manager can proceed to these three steps.

- a Identify repetitive activity or interactions occurring within his sphere of influence which might be better carried out by a routine procedure.
- b Decide on a new procedure or a change in an existing procedure for decision-making or the delivery of a service, using input, if possible, from those affected by the decision or receiving the service. (A good procedure is one which achieves its purpose as quickly, cheaply and effectively as possible.)
- c Set up a schedule to review the procedure and to modify it if necessary.

Delays in municipal projects often arise directly from council's reticence to approve submissions. Administrators may help to reduce these delays by:

- a helping to design procedures that require fewer returns to council (e.g. for each stage of a project);
- b being prepared to answer councillors' questions on the spot;

- c making clear to council the cost of delays in approval;
- d simplifying reports to meet council's needs; and
- e simplifying and streamlining the channels through which reports reach council, in order to allow maximum time for deliberation.

Estimates of gains from improved procedures are usually rough and often only qualitative rather than quantitative but such measurements are valuable if they direct the manager's attention to evaluating the impact of procedures and encourage improvement.

Some examples of such measures are as follows:

- a an estimate of the cost of implementing the new procedure compared to the cost of inefficiency, etc. that would have been incurred without the change;
- b the satisfaction of other people involved with the new procedures, (councillors, other managers, citizens);
- c the satisfaction of users, particularly of support services, (this information can be gained informally or through simple questionnaires);
- d an estimate of the time a manager currently spends on routine tasks compared to the time he spent before the procedure was introduced;
- e the frequency of complaints after, as opposed to before, the change in procedures;
- f the time saved that formerly was consumed in meetings held to make repetitive decisions;
- g the time saved that formerly was spent in making joint decisions that now are made by one person; and
- h the decrease, resulting from the change in procedure, in the number of decisions that are delayed or avoided and an estimate of the consequent savings.

2 *Handling Emergencies*

An important role for managers and one which they should consider carefully when reviewing their managerial performance, is their ability to handle unexpected disturbances. Problems which arise suddenly or unexpectedly can interfere with smooth operations and prevent a manager's unit from attaining its objectives. Storms, labour problems, unexpected changes in client demands, action by other levels of government, citizen unrest, or the emergence of major economic problems are examples of disturbances which may require special emergency reaction.

There are a number of questions a manager can ask himself to get an idea of how well he responds to this type of problem, and how well he helps his unit to overcome them. These include the following.

- a Is there a clear procedure to be followed which specifies responsibility for action? How much of a delay is there before the manager responds effectively to the situation? (This will also reflect on his performance in ensuring timely information and other information managing procedures.)

- b What is the manager's unit's average speed of recovery after an emergency? How long is it before corrective action is taken (e.g. getting crews out to clear roads of branches or debris)? How long is it before normal services are restored? How do the manager's actions increase or decrease recovery time? How could the manager respond so as to improve his unit's recovery time?
- c How well and how quickly can the causes of emergencies be identified?
- d How successful was the corrective action? The effectiveness of the manager's response is as important as its speed. He should review his handling of the situation by asking the following questions.
 - i Did the situation recur? If so, how soon?
 - ii Did corrective action merely cover up the problem?
 - iii Following the manager's response to the problem situation, how long did it take for the disturbance to be satisfactorily dealt with? For example, in the case of an increase of traffic accidents at one spot, how long did it take for the corrective action (installing new lights, stationing a crossing guard, etc.) to decrease the number of accidents? (This type of measurement could indicate the need for a new procedure.)
 - iv How does the cost of the corrective action compare to its success? Would a less expensive alternative have been equally or almost as effective?
 - v Where corrective action requires council approval, (as in the case of installing new lights), considerable delay will probably be involved. In this kind of case the manager should ask:
What interim measures would be most effective?
Have the most effective measures been undertaken, given the budget constraints?
How well has the manager presented the case for necessary changes to council? (This may require council feedback.)
 - vi On examining the disturbances and their causes, does it appear that these situations are repetitive and could be more effectively handled with a routine procedure?

3 Allocating Resources

Managers can review and measure their performance in the allocation of resources. A review by a manager of his own resource management requires an examination of the following areas.

- a How close were the manager's budget estimates to his actual need for personnel, equipment, and so on?
- b How often did the manager have to make requests for additional resources, and how badly did his unit's work suffer from shortages?
- c How often were people and equipment idle as a result of ineffective delegation or work scheduling? In seasonal fluctuations of work, (in Parks Departments, for example), did the manager anticipate the

need for additional people or layoffs? Did he use part time personnel to full advantage?

- d Where a manager was not allocated as much of the budget as he considered necessary, how well did he keep up the standard of service? (Efficiency and effectiveness measures of service delivery will be useful here.)
- e How well were breakdowns anticipated and allowed for? What could the manager do to reduce 'downtime', such as reducing the time and steps involved in maintenance procedure paperwork? (Liaison with the central purchasing function will be useful here.)
- f How many complaints has the unit head, or other managers connected to his unit's work, received about overwork, rushing or inadequate service? What appears to be causing the problem?
- g What could the manager be doing to reduce delays in service, and use his people's time better? (Often input from staff is most effective here.)

4 Communicating Information

One of the most important roles filled by a manager is that of a communicator. Most of the manager's time is spent with other people, both senior and junior to him. Much of his success as a manager depends on how well he can communicate with them about ideas, needs, resources, priorities and so on. The manager should therefore review his performance in this area carefully, especially because he is, in effect, the nerve centre for his unit of responsibility. Some questions he might ask himself and others, which can act as indicators of his ability to communicate with others and to handle information in general, are as follows.

- a Is the manager making information he receives, especially from outside sources, available to other people in the organization to whom it might be useful, e.g. news of new funding opportunities from federal or provincial programs? (Measures include direct feedback from staff.)
- b Is the manager making sure that his junior managers are well informed, are developing good sources of information, and know what to do with the information they obtain? For example, the head of the Clerk's Department should review whether or not the filing code systems are clear to all concerned, and ensure that the procedures to be followed in city correspondence, council meeting minutes and so on, are known and understood by everyone. He should also examine whether information, e.g. complaints and zoning applications, is piling up in bottlenecks or is being misdirected, overlooked or lost in confusion (again, staff feedback or time delay on applications are good measures here).
- c How well is information flowing between units (branches, divisions, or departments)? How long does it take for a request or directive to reach its destination? Is the manager making an effort to explain his problems and needs to the others he works with and to understand theirs; for example, if he is concerned about delays in reports from Finance,

is he able to get at the reasons and modify his timing accordingly? (Is his department filling in reporting forms correctly? Do his people understand reporting procedures to Finance? If the delays are beyond his control, has he been able to work out ways to minimize their impact on him and his unit's work with people in Finance?)

- d Does the manager have the information he needs for the decisions he makes? Could he obtain better information? Should his juniors do more or less interpreting and integrating of information before it reaches him? Does he monopolize information? What could he do to cut down on his information overload? (Staff help is needed here.)
- e How well is the manager acting as a spokesman for his unit? Does he have information for this role readily at hand and if so could it be improved? (Morale is often dependent upon a manager's effectiveness in this area. Only frank feedback from his staff will inform him how well he is doing.)

5 Co-ordinating Activities

Increasingly important in local government management is the task of co-ordinating activities between divisions in departments and between different departments. Many of the problems in this area begin with managers, particularly in support service areas, who cannot or will not co-ordinate their efforts with those of other managers. The questions below will help a manager to examine his performance in this area.

- a Is the manager exchanging ideas and discussing problems with other managers at the same level in the organization (are there overlaps or uncertainties with regard to responsibility)?
- b Does the manager know exactly how his own activities affect those of other managers in the organization? Should his unit co-ordinate activity more with others, e.g. where managers from Planning, Engineering and Business Development meet rarely? The measures here involve the degree to which future plans and objectives are clear.
- c Does the manager or his unit cause delays in the operations of any other unit? If so, what can he do to reduce the delay or avoid it entirely? (If communication is good, managers will identify and reveal these problems).
- d Looking back over the time since the last performance review, what problems have surfaced indicating lack of co-ordination? How has the manager dealt with them? Was the solution short term only or were effective co-ordinating procedures developed?
- e How frequently are changes in plans or procedures required after they have been initiated? These may result from factors beyond the manager's control but they indicate a problem which he should help to identify.
- f How often are activities introduced into one section of the organization, which may have implications for

other sections, without obtaining input from them or at least informing all sections involved?

6 Leadership

This is one of the most widely recognized managerial roles. A few suggestions are, nevertheless, offered below on how a manager might gauge how well he has been operating in this area and where there is need for improvement.

- a How do figures for the manager's unit on transfers, requests for transfers, dismissals, resignations, absenteeism, etc., compare to those of other units, and to previous periods for his own unit?
- b Does the manager take time to find out how satisfied his employees are with their work situation and with his management?
- c Is there evidence that people in the manager's unit are not sure of their responsibilities, authority, or to whom they should report? (Such evidence would include delays, mutual blame for problems, general confusion, etc.)
- d Does the manager keep his people well informed of events within the organization which might affect them?
- e Is the manager aware of the strengths and weaknesses of those who report to him and does he structure their jobs accordingly?
- f Is the manager obtaining sufficient resources for his unit from other levels of management and is the workload appropriate? (Workload can only be measured after other managerial problems have been dealt with.)
- g Does the manager ensure that the proper people are receiving rewards and that all are being fairly treated by the organization, (does he have a performance appraisal scheme and does he reward productive behaviour)?
- h Does the manager identify needs for training and remedial measures and take the necessary action?

Who Should Develop Performance Measures?

A very important factor in the successful development and use of performance measures is the involvement of the managers who actually set targets for improvement. In the areas of management discussed in the latter part of this paper it is evident that the manager himself must measure his own performance.

In the area of service delivery, performance measures cannot be developed by consultants, advisors or even senior managers. These people are only partially familiar with the task that is being done, have little or no influence or control over how it is being done, and do not bear the responsibility for its successful accomplishment. Senior managers will, of course, estimate how well the manager is performing relative to others and can give him feedback in this regard.

Performance measures must be developed by the managers who are responsible for completing the tasks.

Measures should include input from experts, from users of services or products, from subordinates, or from other members of staff. Those managers who supply support services to other managers will need to confer with the users of their services in developing objectives for the support service and then will require input from user managers in respect to the effectiveness of that service. In many of the areas of managerial performance discussed, it is evident that measurement will depend upon frank input from peers, staff and superiors.

Internal and external advisors can be very helpful to managers in the development of measures relating to management processes or procedures. The final responsibility for the acceptance of an objective or a measurement must, however, remain with the manager responsible for carrying out the function.

Summary

It is both possible and necessary to measure performance in the local government context. Performance measurement plays an essential role in the goals and objectives system as it provides the information required to make the review process possible.

This paper has suggested that it is not enough simply to measure the output of the unit in question, even when the most sophisticated measures of effectiveness are used. Such measures, used alone, may provide misleading and incomplete indicators of how efficiently and effectively the unit is being managed. It is essential, then, that managerial performance itself also be measured. In this paper we have identified six of the most important elements of the manager's job and have provided some suggestions as to how performance in these areas can be measured and reviewed. It has been the experience of the LGMP that when a careful measurement of managerial performance is combined with measurement of service performance, the review process becomes an exceptionally successful vehicle for helping managers to improve efficiency and effectiveness in their sphere of influence.

Part V

This part deals with one of the major problem areas in municipal government and one that requires some resolution before a corporate approach to management is even feasible. Traditionally, municipal departments developed to fill certain functional needs for the community. Municipal organizations were small and relatively simple and there was little need for staff advisory and support departments. With the increasing growth and complexity of municipal operations in recent years this is no longer true. Municipal organizations have become much more complex and consequently integrative mechanisms and processes have become necessary. The papers in this section discuss some ways in which the operation of municipal departments may be integrated to serve both mutual and common goals.

Support Services

The LGMP staff found that the roles of support departments and of those mutual support services provided by operating departments were poorly defined. The resulting support services were not filling user needs and there was an increasing trend toward duplication of services such as data processing, personnel and even financial services in some of the larger operational departments. Departments supplying support services complained that users were not effectively defining their needs and were not co-operating in helping to schedule support services in an optimum way. Departments using support services frequently complained that the support service actually constrained their freedom, e.g. in regard to purchasing, or the recruiting and selecting of needed skilled staff.

The LGMP staff found it necessary to bring users and suppliers of support services together to establish some ground rules and procedures for the service. Proper preparation for such meetings was critical and follow up was necessary and frequently had to be monitored. A suggested procedure for the development of improved support services is described in *Paper 18 Developing Effective Support Services*.

Dealing with New Requirements for Service and Co-ordination

New needs for services to the community, e.g. transportation, and for co-ordination with other governments, municipal or provincial, do not fall neatly into the domain of only one department. Thus, the traditional municipal structures were unsuitable to deal with these new needs. Planning departments, for example, have

generally concentrated upon land use planning and have not taken a long range perspective on the broad social implications of issues such as housing, transportation or urban renewal, all of which have both social and land use connotations.

Co-operation, and co-ordination between departments and innovation on the part of administrators are frequently met with criticism by both councillors and other administrators because they threaten the status quo. Municipal administrators generally seem to become somewhat risk averse and do not advance new or different perspectives for management improvement which might serve either to put them in the limelight or to change the present allocation of resources or responsibility.

The LGMP attempted to encourage the establishment of senior administrative teams to act as integrators of administrative efforts and to cope with management challenges requiring input from more than one department. Even where a chief administrative officer is present to act as an integrator, a senior administrative team is considered to be important. A CAO needs the technical and administrative knowledge of his department heads to help him to identify problems and to make decisions. He also needs their co-operation, commitment and resources to implement new programs. Department heads, on the other hand, benefit from the experience and perspectives of other department heads in regard to almost any new program. They also can benefit, along with other people in the municipality, from a co-operative rather than a competitive relationship between department heads.

In theory, of course, the municipal council constitutes a corporate management team. In effect, however, councillors are frequently inexperienced and do not have the necessary broad perspectives to think in terms of plans and programs which affect the whole municipality. Senior administrators can act as an advisory body for corporate management but can only achieve the necessary broad perspective as a team. Otherwise, departmental perspectives will influence their thinking to a great extent and council will often receive seemingly contradictory advice from different administrators.

The LGMP had marginal success with the establishment of senior administrative teams. To be effective, the members had to agree upon the role of the team and the team needed to have particular goals and objectives.

Paper 19 Goals and Objectives for a Senior Management Team illustrates an early definition of the role and goals and objectives for one senior management team.

The development of a senior administrative team is relatively easy where the chief administrative officer favours a team approach to decision-making and backs that up by encouraging real input from his department heads. Even the encouragement of a chief administrative officer is not sufficient, however, if trust does not exist between departments or if there is real competition for either political status or resources. Extreme insecurity or plain inability on the part of some or all department heads will also have a very negative effect upon the operation of a team which is dependent upon sincere, high quality input. Even when all the above factors are positive, the development of genuine team-work is a slow process.

Where there is no chief administrator, the success of a senior administrative team is dependent upon voluntary co-operation, the presence of some external threat, or fairly immediate rewards for co-ordination and co-operation for most participants. Councils can act to reward co-operative and co-ordinative behaviour. Administrators can act together to influence council in areas which have pay-off for effective administration and thus achieve fairly immediate pay-off. One advantage of team-work is the mutual support which it pro-

vides both in terms of good advice from other team members and the power of consensus in support of recommendations. Department heads can feel more secure that their recommendations to council are more effective and will receive a fair hearing if they have input and support from other department heads. This type of administrative action does not constitute an administrative assumption of council authority. In fact, it should contribute to better information reaching council including alternative recommendations or conflicting viewpoints if they exist. Common approaches to budgeting, and co-operation in the development of an information system are examples of other pay-offs which can be achieved through a senior administrative team.

Any committee, including a senior administrative team, should periodically evaluate its efficiency and effectiveness. A set of criteria which might be used for this purpose is included in *Paper 20 Evaluating the Effectiveness of a Senior Management Team*.

Introduction

The importance of inter-departmental co-operation and co-ordination is stressed throughout this publication. It is clear that no city department can work efficiently in isolation for in some way operations in one department affect the operation of other departments. This paper examines the management of support services and outlines a strategy for improving them within the context of the overall change program.

Providing support services is a primary role for many departments (e.g. personnel, legal, clerks, and to some extent finance) since the main reason for their existence is to provide equipment, information, or specialized skills to other departments. Other primarily 'operating' departments also play support roles, as, for example, when the public works department provides back-up in the areas of building construction and maintenance, fire hydrants, and so on. To some extent every department is involved in supplying support services and at the same time it relies on other departments (or special sections within the same department) in order to do its own job effectively.

The experience of the LGMP indicates that the common problems with communication and co-ordination are particularly acute in this area. Although they are essential to one another, 'support' units and 'operating' units often do not work well together for a variety of reasons. These include a tradition of departmental separatism, competition for resources and the professional versus administrative training of many administrators (which in the past did not usually prepare them to manage the co-ordinated delivery of inter-related services). As a result there is often a glaring lack of effective communication between different units in the organization. Not only does this cause frustration on both sides, but problems in communication and co-ordination are translated into lost tax dollars, and even more importantly, into poor service to the community.

Outlined below is a strategy for improving the services offered by one department to another, within a framework of goal and objective setting. Special emphasis is given to improving the working relationships between operating and support units.

Before the steps described below are possible, however, there has to be a recognition by both the supplier and the recipient of a service, that a problem exists and that improvements are possible. Unless there is a desire to

improve the relationship, all efforts at improving co-ordination will probably be misdirected and fruitless.

A Strategy for Improving Support Services and Inter-departmental Relations

Each department and each managerial unit¹ within that department should identify goals and objectives, with emphasis directed at relationships with other working groups. The process of setting goals and objectives should proceed step-by-step throughout the organization, with managers who are responsible for divisions within a department setting goals and objectives for that division in consultation with the people reporting to them. Both support and operating departments should set objectives, with support departments concentrating on their service programs to other departments and the areas where they work together with other support units. Even though the personnel department, for example, may have only one person responsible for the unionized staff, one person for the managerial staff, and perhaps a staff development officer, each of those administrators should establish goals and objectives for their support operation. Thus, the direction of the department's efforts are explicitly stated with respect to each manager's area of responsibility.

Goals and objectives, positively and explicitly stated, set the climate for healthy discussions between work groups. Without them, discussions can easily degenerate, misunderstandings can occur, and promises can be misinterpreted. When work groups come together to discuss working relationships, each needs to see some expression of the activities of the other groups, what they hope to do in the future and what their priorities are. This helps to clarify and clearly separate present from past behaviour, and gives each working unit an idea of the total task of the others.

The procedure for setting general goals and objectives has been discussed in some detail in Part III of this publication. The steps involved will be reviewed below, but related specifically to the development of inter-departmental co-operation.

1 Identify Problems

Both support and client working units (those that re-

¹ 'Managerial unit' means a branch, division, section, or any part of the organization which falls within the jurisdiction of a particular manager.

ceive the services) should identify factors which are limiting or hindering their managers from being as effective as possible. The factors identified at this time should include only those that deal with inadequate co-ordination and inter-departmental procedures, particularly with regard to mutual support operations and situations where a better defined or closer working relationship is desired. All managers (and in some cases at least some subordinates) who have direct dealings with another working unit should meet to discuss the strengths in the relationship, the problems encountered and to define the areas where improvements are needed. This step is needed to ensure that the problems identified are valid and common to all users.

In addition to identifying problem areas in existing relationships and support services, the need for new support services and co-operative relationships could also be examined.

2 Set Objectives for Improvement

Objective setting should be undertaken in the light of the problems identified, and the misunderstandings that were uncovered during the process of problem identification. More specifically, priorities should be set for the problems identified, and the following questions answered for each.

- a What can *our group* do to help resolve the problem or improve the situation?
- b What action do we want from the *other group* to improve the situation?
- c How can we guarantee that after a solution is identified, and acceptable to both parties, it will be implemented?
- d If the problem or situation cannot be resolved, who is able to arbitrate?

The appropriate representatives from the departments or working units should then meet to discuss their mutual problems and to discuss their respective answers to these questions. The needs of the two departments must be defined clearly, and accurately. It is to be hoped that this meeting in itself will resolve many of the difficulties identified, since understanding of what the other working unit is trying to accomplish is often all that is needed.

3 Set Objectives for Support Functions

In the case of the support department or working unit, objectives will include an attempt to meet the needs of the operating units. The operating department managers will include in their objectives any changes that are needed in order to adjust to the constraints on the supplier. These changes usually include the procedural changes, changes in responsibility, the agreement to provide sufficient notice, and so on. In order to ensure that the agreements reached are realized, the promises made by each party must be reflected in explicit statements of objectives. These will represent a formal expression of intent to do what is promised. Each unit thereby commits itself to co-operating actively with the others, and can then evaluate its effectiveness in providing services and co-ordinating efforts more easily. This

approach can reduce the hostility that can result when different units are dissatisfied with the support they are getting but fail to communicate their dissatisfaction effectively, or fail to make constructive suggestions or to understand their suppliers' problems.

4 Establish Procedures for Communication and Co-operation

Although all difficulties may seem to be resolved, and the promises for change are reflected in the goals and objectives, it is desirable to have specific procedures established and appropriate forms designed as a vehicle for the changes that are to be introduced. It should be noted that rules and structure are not intended to limit managers in any way. In many cases (especially where time is limited and many people are involved), definite procedures usually save time and prevent confusion, and are, therefore, important tools to help establish a new approach to co-operation. They are also useful to managers as a gauge of how effective changes have been, and the actual processes which evolve should, therefore, be evaluated shortly after they are introduced. The new procedures may themselves be inappropriate, and highlight barriers to co-ordination that had been missed in the first process of problem identification. In some cases, formal procedures may no longer be required because more complex activity has been standardized. As usual, care should be taken that standard procedures are used to simplify routine operations and to minimize delays and confusion. They should never become so rigid, however, that they interfere with meeting the needs of client departments.

Attention should also be given to improving communication between administration and council, and between committees of council. This is important to eliminate confusion about council's expectations and priorities for support services, and to encourage inter-departmental co-ordination. This is discussed more fully in Part VI of this publication.

5 Obtain Approval for Changes

Approval may have to be obtained from department heads and in some cases council, if new policies or the allocation of new responsibilities are required. High level approval is needed to give the solutions credibility and force. Solutions produced at lower levels are sometimes vetoed or ignored because senior people were not aware of agreements or did not approve of them. Similarly, all staff who are involved in carrying out the relevant objectives must be informed and educated as to activities and procedures. Ignorance and misuse of procedures is a major problem in attaining optimum co-ordination in most organizations.

6 Assign Responsibility

Whenever change is being introduced, responsibility for monitoring implementation and procedures must be assigned within both user and supplier units. Each manager is, of course, responsible for the operation of his own area, but it seems to be necessary at least in the beginning, to assign (to an individual within each unit) the specific task of ensuring that units are communicating effectively and co-ordinating their efforts. Not only

does this establish an ongoing program of improvement in the effectiveness of support services, but it also signals to other units a real commitment to improving mutual understanding. Further meetings between these individuals may be necessary to maintain and strengthen good working relationships, or to respond to specific problems that may arise. Managers should take note, however, that delegation of this task does not relieve them of their basic responsibility for the effectiveness of their unit and the services it provides.

Summary

The key to an effective organization is good communication. This is particularly true in the area of support services. Work groups do not always maintain good relationships. Often the problems are emotional rather than substantive in nature. A difficult situation may have started out as a problem of attitudes and perceptions, but it can gradually begin to affect procedures and working relationships. Consequently a face-to-face meeting may not only correct the processes and procedures that need modification, it may also set the stage for a reduction in negative attitudes and misconceptions that may exist. In such a meeting people become more aware of, and better understand, the frustrations of others, and also can come to understand the way in which they themselves may have contributed to the problem or situation. Dealing with issues in an open problem-solving mode, rather than through the hierarchy, or through withdrawal (which is more common), will certainly enhance the effectiveness of an organization.

Responsibility for developing a climate where this kind of communication can take place falls on both user and supplier groups. It is not enough for one to wait for the other to meet its needs, or to specify what it wants, they must work together to ensure that they are both getting their jobs done in the best way possible.

The framework outlined here, within which user and supplier groups can work together, is an integral part of the overall LGMP approach to improving organizational effectiveness. The importance of the problem identification process and effective methods of communication have already been pointed out. Paper 23 in this book discusses in depth how a development of this kind of inter-departmental co-operation forms the basis for a more comprehensive approach to municipal management than has been evident in Canadian cities in the past. Paper 21 should also be read for its discussion of how the council-administration interface can affect inter-departmental relations and co-ordination.

Introduction

From its outset, the LGMP placed a major emphasis upon the development of co-ordination, joint problem identification, and joint decision-making at the top administrative level. This emphasis resulted from the realization that municipal departments often existed as distinct and only tentatively related entities. This relative isolation was leading to inefficiency and ineffectiveness in the provision of needed services to the community.

This situation resulted mainly from the inability of city administrators to deal effectively with the new problems and needs for service which transcended traditional departmental boundaries. Councillors were frequently unfamiliar with municipal operations, were inexperienced in management, and were concerned with the problems in their own wards. Thus, no one in municipal government was considering the 'big picture' and there was not even a feasible administrative base for what could be called corporate management.

Inefficiencies were caused mainly by inadequate mutual support services within the administration, by duplication of both equipment and managerial roles and by competition for resources between departments. Co-ordinative processes and procedures were poorly developed in most cases and the administration was unable to deal either with council or the public in an organized, efficient manner.

Boards of control and chief administrators were only partial answers to the problem because they too needed a co-ordinated and co-operating administrative body to offer advice on crucial decisions. The expertise for input to those decisions was generally available but it needed to be channelled and consolidated in a consistent direction. The response that seemed to be called for to fill these gaps, was the creation of a co-ordinative body made up of top level administrators. This senior administrative team would be responsible for developing an integrated approach to municipal management, and for ensuring that such an approach would be implemented throughout the organization.

Based on the LGMP experience, the Project Team feels that the first requirements for forming a senior administrative team are to:

- 1 determine what role it would play, what decisions it would make and to whom it would report; and to
- 2 determine how it would operate in terms of the mechanics of operation, majority vote, etc.

Only when these fundamental decisions are made and the team has a definite purpose, role and operating procedures, can consistent and useful discussion, problem identification and decision-making take place. Unless there is a clear method of communicating with council, of handling problems identified by lower level administrators and of communicating with them, an administrative team's usefulness is severely constrained.

The LGMP achieved only marginal successes in encouraging the development of senior administrative teams. In two municipalities, departments reported through committees of council and there was no defined reporting relationship for a senior administrative team. The team, therefore, could make few decisions and had to operate essentially on voluntary co-operation. Department heads consistently gave lip service to co-operation but, in reality, often avoided taking responsibility for support services they should have been performing for other departments. They were often interested in joining the team only to promote departmental gains, and the broader problems of the municipality were avoided. In one of these municipalities, sufficient voluntary co-operation emerged for a committee of department heads to evolve and for discussions of major municipal problems to take place. In this case, the pressure of an external municipal review and the initiative of some forward thinking heads of major departments, combined to make the operation of a team feasible. In another similarly structured municipality, a committee of departments heads existed throughout the Project (which was working with only three departments), but essential discussions regarding the direction of the municipality and the establishment of needed mutual support relationships, did not occur within the committee.

In the other two municipalities there was a chief administrator. In one of these, the administrative team developed because a sufficient number of department heads were prepared to be open and to participate freely in general problem identification and decision-making. In the other case the required openness did not exist and the team, as such, was much slower in developing.

¹ Also alternately called the Senior Management Team or Committee of Department Heads.

Since reporting and operating procedures for a senior administrative team will vary with the structure of the municipality and the personalities involved, within both administration and council, there is little to be gained in simply outlining the procedures for operation of the relatively successful teams. What should be of greater interest are the goals and objectives which the teams developed, since these are the foundation of any such group and also provide an example of a constructive approach to developing a senior management team.

These goals and objectives represent an early stage in the development of the senior administrative team. It is worthwhile to note, however, that they are largely process goals and objectives, concerned with effective management rather than directly with the delivery of services. They are generally aimed at improving communication and co-ordination within the municipality.

Goals and objectives of a senior administrative team

Goal 1

To ensure that all issues² which involve a number of departments are debated in an open forum and that the recommendations which are made to council are as comprehensive and accurate as possible. (This debate may be quite short, merely passing the issue on to a special group from the departments involved, or may expose conflicting interests and trade-offs of which council members should be made aware.)

OBJECTIVE 1

To give issues a priority when they are discussed by the senior administrative team and assign those requiring further study or input to an appropriate administrative group, providing that group with guarantees of co-operation, an outline of expectations on the part of the senior administrative team, and a deadline for completion of a subsequent report.

OBJECTIVE 2

To develop a senior administrative team review procedure which can be used to:

- a evaluate the appropriateness of issues being debated at senior administrative team level;
- b evaluate whether the key issues are being appropriately discussed and dealt with; and
- c provide the senior administrative team with management information that will be useful for evaluating team performance and identifying problem areas (which will principally be of the process variety).

Goal 2

To provide all department heads with information on developments which might influence their operation. (The morale and effectiveness of employees is strongly influenced by the degree to which they are kept informed and the senior administrative team should include these considerations in its area of concern. In addition to internal developments, this function of the senior administrative team could in-

clude discussion and clarification of developments at other levels of government that will affect the municipality.)

OBJECTIVE 1

To assign an administrator to survey the present means by which this administration learns of developments which may influence local government operation and to make recommendations for a more efficient and effective approach to this aspect of the information system. These recommendations to reach the senior administrative team by a specified date.

OBJECTIVE 2

To continue to use the Wednesday morning senior administrative team meetings for briefing department heads on matters involving the community as a whole and/or other levels of government, and on administrative information of mutual interest.

Goal 3

To serve as a communications link and decision-making medium between departments in the establishment of mutual support services designed to contribute to optimum efficiency and effectiveness of the services provided to the people of this municipality.

OBJECTIVE 1

To assign a team to establish criteria for the various support services, to review the adequacy of those presently in existence, and to suggest areas where further support operations might be possible. Report to reach senior administrative team by a specified date.

OBJECTIVE 2

To determine procedures for decision-making on the part of the senior administrative team, e.g. What type of decisions can it make? What decisions should remain the chief administrator's prerogative? What should be the criteria for acceptance of a decision; e.g. majority vote, 2/3 vote, unanimity, etc.? To what degree will a department head be subject to senior administrative team decisions?

Goal 4

To develop the senior administrative team as a vehicle for problem identification and resolution of inter-departmental issues. (The actual task of defining problems or developing recommendations will fall to specific individuals with appropriate expertise — the senior administrative team will be the preliminary springboard and evaluator, and in the case of certain classes of decisions, such as the corporate-wide training and development program, probably also the decision-making body.)

2 Issues in this context would include factors affecting motivation or morale, management problem areas, actions by other municipalities or levels of government, ongoing programs or new programs, joint planning or forecasting, general administrative policy or recommendations for council policies, etc.

OBJECTIVE 1

Through the senior administrative team have firm recommendations relative to the management information system (not to forget the records retention issue) ready to be acted on by a specified date.

OBJECTIVE 2

To have changes in the budget process (current, capital and 5 year) discussed and then agreed upon by senior administrative team by a specified date.

OBJECTIVE 3

To have a training and development program agreed on by a specified date.

Goal 5

To provide the chief administrator with information and informed opinion so that he will be able to advise council in areas where a broad base of administrative expertise is required (e.g. in budget priority setting).

Goal 6

To co-ordinate the development and improvement of management systems and techniques including those which could act to improve the council/administration interface.

OBJECTIVE 1

To review potential improvement areas in communication and the obtaining and use of information. To delineate the different areas where improvement is possible, to indicate which have the highest priority. Determine the costs involved and begin the implementation of such a system by a specified date.

OBJECTIVE 2

To set up an ongoing routine for communication with council including:

- a routine briefing of a new council regarding the roles of city departments and the perceived goals and broad objectives of the city upon which the operations of city departments are based (for the new council by a specified date);
- b routine methods whereby council may inform the administration of their feelings about problems they perceive in administrative operations. (Schedule at least one joint administration/council problem-solving workshop by a specified date.)

OBJECTIVE 3

To identify and agree upon areas where council clarification of policy is required, in time for a joint council/administration workshop by a specified date. (All departmental presentations to council to be completed by a specified date.)

OBJECTIVE 4

- a To have the top five areas in need of council direction (as defined by the senior administrative team) clarified and resolved by council by a specified date.

- b To use input from department presentations to council, and from 4 a, in order to present the new council with the administration's understanding of the policies of council.

OBJECTIVE 5

To define the decision-making role of the senior administrative team, by a specified date.

Goal 7

To determine priorities in general areas within administrative jurisdiction and to recommend priorities to council in areas where council decisions are required.

OBJECTIVE 1

To develop a process for the assignment of priorities to administrative objectives or projects which influence a number of departments, by a specified date.

OBJECTIVE 2

To review the budgeting process and the financial reporting system, co-ordinating input to the budget with financial information output as closely as possible.

Goal 8

To contribute to management training and career development of city staff.

OBJECTIVE 1

To develop a management review process which will indicate management training needs and desires, and will help to contribute to career advancement wherever possible, by a specified date.

OBJECTIVE 2

To develop the management capabilities of the members of the senior management team through open discussions about management problems and input from the LGMP team or other sources of management concepts, on an ongoing basis, at least once per month.

OBJECTIVE 3

The senior administrative team to define whether to allow subordinate attendance at senior administrative team meetings, and if so, at what times.

OBJECTIVE 4

The senior administrative team to establish its development needs and priorities by a specified date.

Goal 9

To supply administrative input to corporate management and to implement corporate decisions (as indicated in goals one to eight) as efficiently and effectively as possible conserving management time in dealing only with issues which require co-ordination and input from this level.

OBJECTIVE 1

Each department head should indicate ways in which the work of the senior administrative team can be

speeded or facilitated remembering the important communication function of the team.

Goal 10

To ensure that council is made aware of problem areas in existing Provincial, Regional or City legislation which are frustrating administrative efforts in providing service to the people of this city.

Summary

The importance of inter-departmental co-ordination was amply demonstrated throughout the LGMP experience. In order for co-operation to develop in a meaningful way, there must be commitment to it at the most senior administrative level. Of equal importance is that this commitment must be visible to people at all levels in the organization. The most effective vehicle for this co-operation appears to be a team of senior administrators.

The function and characteristics of such a team will, of course, vary according to the needs of the organization.

The sample goals and objectives provided here should, however, provide some guidance on the general direction such a team might take in its early stages. Readers are cautioned again that the development of such a team must be, above all, both flexible and honest. This kind of approach will not be meaningful if it is used in either a rigid or merely cosmetic way. Used properly, however, it will contribute enormously, not only to inter-departmental co-operation (which is, in itself, a vital element in building an effective organization), but also to the quality of council decisions based on the team's recommendations, the success of the change program, and the effectiveness of management processes generally.

Introduction

This paper describes a process for the self-evaluation of the effectiveness of a team or committee. While an external evaluation is possible, it would be time consuming and would not have the same potential to identify problems and convince the members to improve their own team operation. Through an internal evaluation, members are able to discuss the efficiency and effectiveness of the committee from their own perspective and make decisions which will result in greater benefit for the time they expend.

The first requirement for a self-evaluation is a set of relevant criteria to promote discussion among team members. The criteria outlined in this paper were used specifically for the evaluation of a senior administrative team, however, the procedure discussed, the rationale for evaluation, and possibly even the criteria themselves are relevant for any council or administrative committee.

Why Evaluate?

Self-evaluation of a team's effectiveness is important for several reasons:

- 1 it can help all members of the team to develop a common understanding of the team's purpose, role and operational procedures;
- 2 it can result in more effective use of time during team or committee meetings. Since a great deal of municipal administrators' time is spent in committees, the efficient use of that time is important;
- 3 it can help to bring to the surface doubts about the usefulness of the team or committee and some of the decisions which are being made; and
- 4 it can develop into a planning meeting to improve operational processes and update the goals and objectives of the team or committee.

Evaluation of team effectiveness should really be carried out on an ongoing basis and team members should be constantly aware of relevant criteria. Usually, however, evaluation will be neglected unless a specific time is set aside at every third or fourth meeting to examine the operation of the team. The evaluation should be completed at the beginning of the meeting for which it is scheduled so it is not left until last and then delayed to a subsequent meeting.

Who Should Evaluate?

All team members should participate in the evaluation

and each should evaluate the team on all dimensions before any discussion takes place. An internal or external change agent can perform a useful role as a moderator and can help to point out aspects of the team's operation of which members may not be aware.

It is particularly important that each evaluation session ends with some specific discussion regarding the implementation of suggested improvements in the team's operation. Specific goals, objectives and operating procedures, should also emerge from the meeting and a definite time should be allocated for the next evaluation.

The following evaluation form was used to evaluate the senior management team in one Project Municipality.

Evaluation of Management Team Effectiveness

Rate the operation of the senior management team from one to seven on the following variables.

(The first fifteen criteria are process criteria and would be applicable to any senior management team.)

- 1 Has a defined role or purpose (reason for its existence).
Poorly defined 1 2 3 4 5 6 7 Well Defined
- 2 Has clear goals and objectives (general direction and specific targets).
Unclear 1 2 3 4 5 6 7 Clear
- 3 Is achieving its objectives (for the purpose of review each objective should be considered and discussed).
Not Achieving 1 2 3 4 5 6 7 Achieving
- 4 Makes decisions when necessary.
Avoids decisions 1 2 3 4 5 6 7 Decisive when necessary
- 5 Considers appropriate problems.
Inappropriate problems 1 2 3 4 5 6 7 Appropriate
- 6 Uses time efficiently.
Inefficient use of time 1 2 3 4 5 6 7 Efficient use of time
- 7 Has a clear relationship with the CAO (where applicable).
Unclear 1 2 3 4 5 6 7 Well defined
- 8 Is open to ideas of members of the team.
Closed 1 2 3 4 5 6 7 Open

9 Tolerates conflict.

Avoids
conflict

1 2 3 4 5 6 7

Encourages
necessary
conflict

10 Is able to resolve conflict.

Effectively

1 2 3 4 5 6 7

Ineffectively

11 Has definite decision-making processes.

No definite
processes

1 2 3 4 5 6 7

Definite
processes

12 Members take individual responsibility for SMT decisions.

Avoid
individual
responsibility

1 2 3 4 5 6 7

Each member accepts
responsibility
for decisions

13 Members are committed to the success of the SMT. 1

Little
commitment

1 2 3 4 5 6 7

Strong
commitment

14 There is high mutual trust and support.

Low trust
and support

1 2 3 4 5 6 7

High trust
and support

15 Continually evaluates its own effectiveness.

Little or
no self
examination

1 2 3 4 5 6 7

Clear evaluative
criteria,
consistently used

(The next seven criteria may vary considerably depending upon the role of the SMT as determined by the members.)

16 Has the authority to carry out decisions.

Insufficient
authority

1 2 3 4 5 6 7

Sufficient
authority

17 Ensures that decisions are carried out.

Does not
follow
through

1 2 3 4 5 6 7

Follows
through
on decisions

18 Provides leadership for administration.

Weak
leadership

1 2 3 4 5 6 7

Strong
leadership

19 Communicates effectively to junior administrators (through members).

Weak

communication

1 2 3 4 5 6 7

Strong
communication

20 Has contingency plans for city emergencies.

Lacks

contingency
plans

1 2 3 4 5 6 7

Clear operational
procedures for
emergencies

21 Takes initiative in advising council.

Waits for
council
initiative

1 2 3 4 5 6 7

Consistently tries
to keep
council advised

22 Provides council with alternatives when possible.

Does not
provide
alternatives

1 2 3 4 5 6 7

Presents
reasonable
alternatives

Procedure for Evaluation

At the meeting prior to the one scheduled for evaluation, the above evaluation form was circulated to all team members. Each member completed an individual evaluation of the team's effectiveness just prior to the evaluation meeting and jotted down some comments to support his evaluation.

At the evaluation meeting the average rating was determined for each criterion and then each criterion was discussed in turn. A good deal of discussion resulted regarding the team's purpose, goals, effectiveness and efficiency. Several changes in procedure emerged from the decision including a new method of establishing an agenda.

Summary

The evaluation seemed to result in a better mutual understanding of the team's purpose and mode of operation. Input and attendance improved at subsequent team meetings and team members were unanimous in the belief that the team had become more effective as a result of the evaluation.

It was very difficult to establish how appropriate the evaluative criteria were. One or two of the original categories were eliminated and two new categories were added, however, it is probably wise to conclude that it was the process of evaluation rather than the specific criteria used, which was of major importance.

Part VI

A major initial objective of the LGMP involved the eventual evolution of council or corporate goals and objectives. As time went on, the Project staff became aware that their original beliefs regarding the potential for progress toward corporate management were highly unrealistic. At the same time, the need for a corporate approach to the management of the municipality was confirmed by almost every problem the LGMP staff uncovered or addressed.

Many of the problems identified by administrators, even in the pre-project discussions and workshops, were indicative of severe weaknesses and problems in the relationship between council and administration. They included mistrust of motives on both sides; misunderstanding and misinterpretation of roles; lack of clear areas of responsibility; inadequate processes for communication with council and for council approval of administrative recommendations; and generally little evidence of overall co-ordination and co-operation in the corporate management of the municipality. Administrators were generally frustrated by council's role in the budget process, particularly regarding the form of council approval of expenditures.

Council treatment of sincere administrative initiatives and recommendations often appeared to be short-sighted and tended to result in a defensive administrative posture. (This treatment actually discouraged corporate management and adaptive change). Rewards for effectiveness, efficiency and attempts to improve management were not apparent, particularly if an administrator became involved in political conflict as a result of some initiative to improve management.

The Project Team feels that the original plan, to involve and educate administrators in goal and objective setting before council became involved, was well conceived. Administrators are the professional managers in municipalities and they supply consistency and continuity to its operation. Councillors represent the people of the municipality and must make policy decisions based upon what they interpret as the most urgent needs of those people. Professional administrative help is required to help councillors to gain a perspective on probable costs and potential benefits of the many changes they might desire.

Councillors also need administrative guidance to understand the procedural operation of the government and to gain a perspective on what has happened in the

past. Council should be given a tentative set of goals and objectives by the administration. The elected members can then revise, change and add to these goals and objectives and put them in priority. By this means council can provide direction and guidance to their administration in a meaningful way. Without a tentative set of goals and objectives to work with and an understanding of operating procedures, council's efforts to establish and maintain direction are likely to be intermittent, confused and frustrated. Councillors will also be biased by the needs of the moment, at the expense of long-term requirements of the municipality, unless they have the long-term plan continually before them.

Councils, working by themselves to establish goals and objectives, will almost certainly become frustrated by the process, because each councillor has specific objectives of his own. On the other hand, working from a base established by administrators and with the help and involvement of those administrators, council can make a remarkable amount of progress in a relatively short period of time.

Paper 21 Improving the Council/Administration Interface, outlines a number of different potential approaches to the improvement of council/administration decision-making. At least three of the approaches outlined in this paper were attempted to a degree in different Project Municipalities.

To provide the reader with a perspective on the LGMP efforts in improving the council/administration interface, *Paper 22 Council Involvement in LGMP Municipalities* is included to describe the interaction which took place in the four Project Municipalities. These are not all success stories but are meant to portray what happened in an informative way. *Paper 23 Corporate Management* contains a more detailed discussion of this important subject, including the desirability of a systematic approach to comprehensive municipal decision-making. This is an appropriate topic to close out this 'guidelines' publication because all of the LGMP activities were designed to contribute to the eventual development of corporate management, although, as the reader will have discovered by this time, progress in that area was very limited. Thus this final paper is a theoretical rather than a practical development of the topic.

Introduction

Councils perform the policy-making and planning functions for local government while the administration is primarily concerned with the implementation of those policies and plans. Unfortunately, councils are largely made up of people who are relatively inexperienced in management and who often have little background understanding of the operation of the local government they now direct.

Any effective organization needs a clear goal and clear direction to reach that goal. Generally, municipalities have neither. Councillors often do not know or understand the reasons for past decisions and policies. They frequently do not think in terms of broader, long range benefits to the municipality, partially because they do not have a set of guidelines which provides that frame of reference.

Administrators too, frequently look at all issues from a departmental rather than a 'city' frame of reference. In these cases no one is really looking in a comprehensive way at the needs of the municipality. Long range planning is almost non-existent, management is weak and even communication at the top administrative and council level is confused and intermittent.

Need for Council Involvement

During the early stages of the Project, administrators in each Project Municipality pointed out major management problems existing in the interface between administration and council. They were convinced that no long term solutions to lower level management problems were possible unless council played an active role in working out problems with top level managers. There was a strong need:

- 1 to improve mutual understanding and communication between council and administration, particularly in regard to the respective roles that each was to play;
- 2 to develop more distinct but still flexible ongoing goals, broad objectives and policies at the council level, so that administrators would know what was expected of them; and
- 3 to develop a problem-solving approach which would include input from both council and administration whenever appropriate.

One answer, perhaps the only feasible one, exists in

joint council and administrative involvement in planning and city management in accord with clear, consistent goals and objectives. Councillors must be involved in both planning and management to ensure that the goals and objectives, and their fulfillment, are meeting citizens needs. Administrators must be involved because only they know the capabilities of their organizations and can provide continuity in terms of ongoing policies and programs for the municipality. Thus the need for both council and administration involvement in long term planning and in management is apparent; the major question revolves around the best means for attaining that involvement. A number of alternatives for council involvement in establishing effective corporate management are discussed in this paper.

Modes of Council Involvement

Contributions to management improvements are necessary from elected officials (council, committees of council and boards of control) if the process is to continue to be meaningful. The precise mode of involvement by these bodies can vary considerably. Six possibilities are listed below in decreasing order of the amount of time required on the part of councillors.

- 1 Council, or a committee of council, may go through the entire process of determining both goals and objectives for the municipality. This process may or may not include direct input from the public.
- 2 Administrators may prepare detailed position papers on critical issue areas such as transportation or housing, summarizing past decisions of council and suggesting apparent goals and objectives based on those decisions, plus administrative recommendations for council consideration, revision, and approval.
- 3 Administrators, working as a team, may determine a comprehensive set of goals and objectives and submit them to council for consideration, revision and approval. Joint council/administration workshops can be scheduled for discussion of desirable directions for the municipality.
- 4 Administrators may decide on areas where policies and direction are required and go to council with specific requests relating to those areas. Joint council/administration workshops can be arranged to define and identify needed policies.
- 5 Administrators and councillors may identify management problem areas and hold joint sessions to

find solutions to the problems identified and to improve communication and understanding between elected and appointed managers.

- 6 As administrators decide on goals and objectives and go to the council with requests for approval of recommendations, stated in goal and objective terms (e.g. the operating and capital budget), the council is unavoidably involved in the approval of certain goals and objectives for municipal services. The more that alternatives and priorities are included in the submissions to council, the more council will be playing a policy setting and directional role. Thus the development of more effective methods of stating alternatives and the determination of tentative priorities by the administration will automatically aid council in making better decisions.

In the following pages each of these alternatives is examined in greater detail.

1 *Complete Council Involvement*

The Project Team is convinced that this alternative is too complex and time consuming for council and committee members. It is just not possible for council to work through the entire goal and objective setting process from beginning to end. Councillors generally face tremendous time constraints and must use the time they do have in decision-making activities. The needs of the municipality and the resources available to the local government should be defined and presented to council by expert administrative staff in the form of alternatives, i.e. different ways in which most of the needs can be met with the given resources. Elected officials are then in a position to make constructive suggestions and informed selections among alternatives. These decisions can form the basis for an administrative initiative in outlining apparent goals of council and some tentative broad objectives for submission to council. Unless administrators are involved with council in setting goals and objectives the crucial interface between the two will not be improved and many of the problems discussed earlier will remain.

2 *Position Papers*

This has been the most popular approach to council involvement in corporate management in the United Kingdom. Various broad goal areas are identified¹ and administrators are assigned to write position papers on the state of municipal management in each area.² Previous municipal policies and apparent goals and objectives in the area are identified. Council is then asked to decide whether the approach currently being taken is the best possible one and if not, what changes in direction and specific objectives might be desirable.

This approach is a comprehensive one requiring a great deal of administrative research time, resulting in a large quantity of written material which must be digested and put into perspective by senior managers. These managers develop short, sharp summary papers, make recommendations for future objectives in each area, and identify situations where current policy is either lacking or inadequate.

In most municipal structures several administrators are often involved with the provision of services in any one goal area. Thus administrative co-ordination is required to clearly identify apparent goals and objectives and to delineate needs for new objectives and policies in a comprehensive manner.

The main drawback of this approach is the amount of time consumed by the research aspects and the efforts required by senior administration in order to screen reports and select information for council consideration.

It is important to involve both administrators and councillors in workshops to discuss position papers and to determine broad municipal goals and objectives. In this way, each can play their specific roles and can contribute to more effective decision-making. At the same time, communication and understanding will be improved.

3 *Council Consideration of Administrative Goals and Objectives*

Even without a formal set of municipal goals and broad objectives, a department head will design his departmental program based upon his perception of the desired overall direction of the municipality and its specific targets in his area of responsibility. The official plan, special need surveys and previous council and administrative decisions, form part of these perceptions and thus are incorporated into departmental plans.

While administrators do not normally organize their perceptions of municipal directions in goal and objective form, they can usually do so upon request, because such perceptions really form the basis for departmental priorities and budgets. The main advantages of making municipal goals and objectives explicit lie in the increased awareness of the effect of new policies and decisions upon the direction the municipality has been following and the potential costs of changes in direction. This increased awareness can provide the guidance for administrators to develop their departmental programs.

A procedure to establish a set of municipal goals and objectives, within reasonable time constraints, is outlined below.

- a Each department head describes, to a committee of department heads, the municipal goals and broad objectives which he feels encompass his area of responsibility and upon which his departmental programs and goals and objectives are based.
- b When all department heads have participated in the process described in a the goals and broad objectives

1 For example, the City of Coventry, England, identified the following areas in its 1973 *Corporate Planning Survey Report*: education, community health and well being, public protection, housing, transportation, leisure opportunities, commercial and industrial development, physical environment, land resources, manpower resources and financial resources.

2 The City of London, Ontario, is working toward the development of this approach and has corporate position papers in several areas.

thus defined for the municipality are then considered by the committee of department heads and overlaps and conflicts are removed.

- c The perceived goals and objectives, thus determined, are presented to council, along with the following questions.
 - i Are our assumptions regarding the desired goals and objectives correct or should they be revised?
 - ii What different or additional goals and broad objectives should be considered in designing our departmental programs?
- d A joint council/administration workshop is then scheduled to refine and complete a rather loose but useful set of goals and objectives for the municipality. This workshop enables both councillors and administrators to have input into the plans for the municipality and has the potential to improve communication and mutual understanding between administration and council.
- e Alternatively, if only a limited number of departments are involved in the process, each department head works with the appropriate council/administration committee to refine municipal goals and objectives affecting his particular area of responsibility.

4 *Clarification of Corporate Policy*

An official plan may designate, as a goal for the municipality, the allocation and development of a certain amount of park-land for a certain number of citizens. The parks director also has the responsibility of providing recreational programs which often involve expensive facilities. In a case where available funds are not sufficient to enable him to meet both objectives (the usual case), which of these programs should he emphasize?

The administrators concerned with industrial and commercial development need continuous advice from council regarding the characteristics of the municipality they are designing for the future. This includes issues such as the type of development to encourage or discourage, and whether to put the available funds into the development of new industrial land or into attracting commerce and industry to lands already available.

Every administrator would probably prefer to have more explicit policy in at least some areas, even though they may have learned to live fairly comfortably with the existing system. As administrators set increasingly comprehensive objectives for their own areas of operation, policy deficiencies may become more apparent. Thus it is preferable that administrators have fairly explicit goals and objectives for their own area of operation before commencing the procedure for obtaining policy clarification outlined below.

Many areas of support service require improved administrative policies, procedures, and clarification of responsibility. These can best be resolved by a senior administrative team or a committee of department heads, and may only need to go to the council when

serious disagreements occur or when policies required are so general that they might influence overall administrative operation.

The policy issues selected for council consideration should satisfy a number of criteria, particularly at the outset of this type of involvement.

Issues chosen should:

- a be of interest to councillors (fall within their political sphere, help them to do their jobs, be seen as important to the community, etc.);
- b have the potential for solution;
- c be debatable (i.e. must be capable of solution by more than one obvious means);
- d require administrative input in terms of alternatives, relative costs and benefits, etc.;
- e be specific enough that they can be clearly defined; and
- f not be hidden requests for more resources, although there may be areas in which an outline of priorities is important so that appropriate resource allocations are possible.

The procedure for obtaining policy clarification involves several steps.

- a Department heads identify issues upon which greater council guidance is required. (If departments heads have a set of goals and objectives for their departments, areas in which they are in need of clearer policy are much easier to identify.)
- b These issues are then discussed at the council-committee level (if such a level exists) to see if some can be resolved without the necessity of taking them to the council as a whole.
- c If all departments are involved, the committee of department heads discusses the areas in which requests for policy clarification have emerged, particularly where they involve more than one department. Joint requests for policy clarification might emerge in some cases, e.g. in support service areas.
- d Areas where council policy is required are then presented and explained to councillors. To obtain maximum input to the design of new policies and to optimize mutual understanding, a council/administration workshop or workshops could be scheduled to discuss and generate the required policies. Task groups of individual administrators can be assigned responsibility for the further investigation of details or alternatives. An outside change agent can serve as a facilitator at joint council/administration workshops.

5 *Joint Council/Administration Problem-Solving*

This relatively easy alternative to council involvement, making use of a problem-solving approach, should serve to improve council/administration communication while dealing with significant issues. With this approach, both administrators and councillors are asked to identify what they perceive to be the major problems blocking the effective operation of the municipi-

pality. These might include service delivery problems, long range planning inadequacies, jurisdictional problems, management problems, inadequate communication, or resource problems (financial or human).

Problems to be debated in joint council/administration workshops should be major problems of current interest to all participants and capable of clarification and solution. To set the stage for such workshops, a memorandum briefly explaining the plan of action is circulated. An interview is then arranged with each councillor and senior administrator who will be participating. In this interview, the perceptions of the participant regarding major problem areas within the city government are examined and recorded.

Once these problems have been identified, administrators and councillors are asked to rank them in order of priority. Joint council/administration workshops are then scheduled so that each of the major problem areas identified can be discussed in terms of clarifying the problem and suggesting possible solutions.

The task of each workshop includes:

- a defining the problem or problems clearly;
- b identifying probable causes;
- c identifying alternatives for solution; and
- d setting up an action plan and delegating responsibility for carrying out that plan to a particular administrator, the committee of department heads, or a specially created task group.

An external project director working with the municipal project manager can direct the identification, classification and prioritizing of problems and can act as a facilitator in workshops to ensure that effective problem-solving is in progress and that definite action plans emerge.

6 *Approval of Administration Goals and Objectives*

The final alternative for council involvement in the goal and objective setting process represents the most passive involvement possible. It really requires no extra effort on the part of council. In fact, alternative 6 will occur naturally if a systematic approach to goals and objectives is introduced at the administrative level. However, because of the importance of direct council involvement in the operation of the system, as noted above, and the need for mutual understanding between council and administration, this alternative is not highly recommended.

Summary

Some form of joint council and administrative input to corporate goals and objectives is very important. Councillors represent the citizens in the municipality but frequently do not have the necessary background understanding of broad issues and past policies to plan in isolation from their professional staff. Administrators can supply background information and put suggested new programs in perspective. They also can inform council regarding resource requirements, relative costs of programs, etc.

Both administrators and councillors are working toward the best possible local government operation. Unless they work together, however, suspicion and distrust can develop. When they work effectively together, council is able to make better decisions because they are fully informed regarding the implications of those decisions and administrators are able to implement programs with council support and understanding.

Introduction

If any firm conclusion can be drawn from the experiences of the LGMP it is that there is an urgent need for more effective municipal management at the council level and for better communication, co-ordination and understanding between administration and council. While this book does not generally contain LGMP history, an exception is being made in the area of council involvement because any initiatives in that area are regarded as being vitally important to the future of municipal government.

Even though the LGMP contribution to improvements in the council/administration interface was marginal, with the exception of the City of St. Catharines, it is felt that these limited contributions are important if only for their lack of success. Actually, the process in London is ongoing, under the support and control of the Chief Administrative Officer. The frustrations encountered in Ottawa indicate the importance of sound administrative concurrence in any approach to council.

In the Region of Niagara, the councillors who were on the LGMP Task Group became better informed regarding management problems in both administration and council. Without exception, they became strong supporters of the LGMP approach and all four would have advocated the establishment of council goals and objectives for the Region.

The Regional Council is large (29 members) and consequently unwieldy. It could probably only act in an approving and revising capacity for goals and objectives set by administrators and/or a smaller sub-section of council. The LGMP did not succeed in the establishment of such a group or groups but at least major departments were able to present recommendations to council in more meaningful form, following goal and objective training.

A summary of council involvement in each of the four Project Municipalities follows.

City of London

In addition to keeping the council informed of administrative progress in management improvement the City of London is attempting to improve the council/administration interface by developing corporate position papers in key issue areas. These corporate position papers describe the past decisions of the council and try to build a composite picture of the municipality's position in major service areas.

During the initial stages of the LGMP both City Council and senior administrators experienced the need for better integrated and more consistent involvement by the elected officials, in the overall corporate planning and management processes of the municipality. It was felt that if policies and direction were made more clear and specific, then council/administration communication and understanding would be improved, council decision-making would be put on a more rational basis, and administrators would have better guidelines to develop more meaningful programs to meet citizens' needs.

In the latter half of 1975 the CAO decided that, rather than holding joint workshops for council and the administration to determine policy, the best approach to an involvement of the elected officials would initially be through a content analysis of council's previous decisions. It was believed that for council to plan effectively, a framework was needed which would provide a commonly accepted focus for council/administration dialogue. A content analysis of previous corporate decisions was thought to provide a suitable framework.

Content analysis is a deductive process. Past decisions and actions of council are analyzed to determine the policy or philosophy which influenced the decision. It is hoped that the basis for decisions can be correctly identified even though the reasons behind the decisions are not recorded and may not have consciously been considered by the decision-makers when the choice was made. Even though council is not operating under a system of explicit and generally accepted goals and objectives, careful analysis of their decisions can give clues to implicit corporate expectations.

It was anticipated that the definition of this framework would be a time-consuming and complex task. Consequently the CAO assigned all of the Project Leader's LGMP efforts to corporate development for a period of time, allowing him to identify key issue areas and to ascertain tentative corporate goals and objectives within each of them. The Project Leader chose issue areas that had particular current importance. These included such policy areas as land management and development, housing, industrial and commercial development, services (including water, street-lighting, solid and liquid waste disposal and pollution control and transportation). Thus the subject areas chosen were those which met the current needs of the council and administration for policy clarification.

The Queen's Team worked with the Project Leader in analyzing the policy areas and his reports were then submitted to the chief administrator and senior management team for their review. After the senior administrators had reviewed the reports and revised them to reflect current needs, the papers were submitted to the Board of Control. Board of Control and Council were to consider the goals and objectives which had been identified, and to revise them where necessary to ensure their suitability as a basis for future decisions.

This process, though effective in determining the corporate position and providing tentative goals and objectives, was found to be time consuming. The content analysis, the writing of the reports and the critiquing and revising of those reports by the people involved, was a slow process taking many months.

The corporate position paper approach to improving the council/administration interface is probably an effective but relatively slow and time consuming vehicle for encouraging direct council involvement in planning decisions. It does, however, have the strong advantage of clearly identifying past trends and apparent implicit goals and objectives. Thus, council and administration have a good base for the establishment of explicit goals and objectives.

City of Ottawa

As originally intended by the Project Principals, Council was not immediately involved in the Project. The plan to educate administrative personnel in the process and to develop an administrative goals and objectives system prior to approaching Council was adhered to, and so discussions with elected representatives about their involvement did not take place until the fall of 1975. A progress report to the Mayor and meetings with the Deputy Mayor in the fall of that year resulted in a Council seminar in February of 1976, at which basic elements and progress of the Project were explained and some alternative approaches to Council involvement were discussed.

The seminar resulted in the firm commitment of Council to the Project. Also, Council expressed an interest in having all departments involved,¹ including the Committee of Department Heads, and in playing an active role themselves. The seminar concluded with a request for a formal proposal outlining alternative modes of Council involvement to be submitted for approval by Council.

In July, Council approved a strategy calling for joint council/administration problem-solving workshops to be held in the fall and the development of corporate goals and objectives to commence in the new year.

In preparation for these workshops the Project Team held confidential interviews with department heads and elected officials in order to accumulate individuals' views as to which issues or management areas should be examined in an attempt to improve municipal operations. Comments from these interviews were then grouped according to four main areas of concern:

1 management processes and procedures;

- 2 internal communication, co-ordination, and trust;
- 3 relationships with citizens groups; and
- 4 long term planning.

The comments included under the above headings, formed the structure around which the workshops were based. The three workshops focused first on management processes and procedures and then on internal communication and co-ordination. While no changes in processes or procedures resulted, a number of suggestions for further consideration were made:

- 1 more comprehensive orientation sessions for new councillors;
- 2 new procedures for expediting City purchase options; and
- 3 a review, by a joint committee of Council and administrative personnel, of subdivision approval procedures and procedures used in major land use studies and zoning changes, and a streamlined budget approval process.

Following the third workshop (October 6th, 1976), it was agreed to postpone further meetings until the new year, as campaigning for the upcoming election was making attendance by councillors difficult and Council attendance had attenuated quickly.

These workshops and the ones to follow, when viewed within the context of the Project as a whole, have the potential to be the single most valuable achievement of the LGMP in Ottawa. They have provided an opportunity for Council and Administration to discuss major policies and issues which, under normal circumstances, might never be discussed. The short-circuiting of the normal means for conducting council business, which the workshops provided, was also valuable in that it allowed the elected officials more time to become involved in an in-depth analysis of issues and their resolution, rather than just being involved in the approval process. Also, both Council and the Administration became better acquainted with the problems and frustrations involved in the carrying out of their respective roles and responsibilities. The free exchange of views between the council members and the department heads and the informal atmosphere (all workshops were held in the alderman's lounge from which the Press were barred) reinforced a feeling of mutual concern for the effective operation of the municipality.

The concern expressed by Council for continuation of these workshops in 1977 is a hopeful sign that more significant accomplishments will follow.

Regional Municipality of Niagara

The Task Group which was formed in the initial stages of the Project to provide overall direction and guidance to the Project in the Regional Municipality of Niagara, contained the heads of all departments, four elected representatives (one from each council committee) and

1 Only three of Ottawa's departments, Physical Environment, Finance and Community Development had been involved in the LGMP from the outset.

the Project Leader. This was the only Task Group in the four Project Municipalities which included councillors.

The elected members, who included the Mayor of St. Catharines, rapidly developed into strong supporters of the Project. In fact, it was pressure by the elected members, in the early stages of the Project, which encouraged a number of rather reticent department heads to attend Task Group meetings. Even more important, the elected members attended two meetings in Toronto in order to indicate their support for the Project to representatives of the Ontario Government and other municipalities.

The Task Group was involved in both orientation and initial goals and objectives workshops, thus the four councillors developed a good understanding of the Project. Unfortunately, four members out of a 29 member Council was not a sufficient representation to promote Council involvement in goal and objective setting, but it was sufficient to develop a strong support for the Project within Council.

The Task Group recommended that approaches to the rather large and unwieldy Council should be through the four standing committees. Since all committees were represented on the Task Group the Project had a definite supporter at each committee briefing. Committees were given full information on the Project's progress at intervals of slightly less than one year. Generally, the response at the committee level was positive, but it was quite apparent that few of the elected representatives really understood the Project and most were not personally interested in becoming involved.

During the latter part of the second year of the Project, the Council expressed an interest in a detailed explanation of the LGMP. The Project appeared to be acceptable to most councillors but it was evident that their level of understanding was not raised to any great extent by the briefing. When some of the Task Group representatives proposed that the Regional Council become involved in setting goals and objectives for the Region, some negative discussion ensued and quite evident doubts were expressed regarding Council's active involvement in such an endeavour. Some councillors were opposed to what they saw as a danger of increased administrative strength as a result of the development of an effective committee of department heads. At this point in the Project, the Council is generally supportive of its aims, but it appears almost impossible to attain active involvement in goal and objective determination from such a large Council.

City of St. Catharines

The Mayor of St. Catharines was a strong supporter of the LGMP from the outset. His support was based primarily on the perceived need for better direction at the corporate level and for improved management by both council and administration. As a member of the Region of Niagara Council and Regional Project Task Group he was able to provide support for the Project in the Region as well.

Other councillors in St. Catharines displayed little in-

terest in involvement in the Project in the early stages, apparently approving it on the basis that the administration felt it was useful. As the Senior Management Team developed, however, Administration began to bring recommendations to Council which were stated in more objective terms. They began to talk about departmental goals and objectives and councillors became interested.

When the Senior Management Team felt that they had sufficiently developed goals at the department level, they reached a consensus that council involvement was needed if the process was going to result in the required management improvement. Many issue areas were identified, where the municipalities direction was uncertain, making the job of administrative goal and objective setting difficult. To inform Council regarding these issue areas and, at the same time, to ensure that councillors were aware of what the administration were presently doing, administrators presented their departmental goals and broad objectives to Council at a number of Council meetings during the spring of 1976. When his presentation of goals and broad objectives was completed each department head identified those areas in which he was uncertain regarding City policy or, in some cases, those areas in which he disagreed with current City policy.

After department heads had completed their presentations to Council a joint Council/Administration workshop took place. Prior to the workshop, a member of the LGMP staff contacted all councillors and asked them for their perceptions of the effectiveness of City operation and their suggestions regarding issues which needed to be debated. All the issues which had been identified by both Council and Administration were consolidated and categorized and made up the major portion of the workshop agenda. Planning, service and resource allocation categories were identified and 47 issues of varying complexity fell within those categories.

The introductory three hour evening session of the workshop concentrated upon the clarification of the issues which had been included on the agenda and the identification of a few additional issues. The following day was spent in alternate small group and full workshop discussion of those issues. All department heads and all but two councillors attended the whole workshop. Both of the missing councillors were present for part of the workshop and were unavoidably absent during the remainder. To facilitate discussion, three groups of seven councillors and administrators debated each broad category of issues in turn. The whole group then reassembled to hear group reports and to debate the conclusions of those groups.

All issues were discussed, and recommendations were made in most issue areas. The LGMP chairman consolidated the discussion and recommendations into a report for the incoming Council. Administrators immediately began to act on some of the recommendations, with the intention that the new Council could change the recommended direction if required, but, in the meantime, they at least had a basis for directing their energies in some crucial areas.

Both administrators and councillors reacted very favourably to the workshop. There was a unanimous recommendation for subsequent workshops and, in fact, a similar workshop has already been scheduled for the spring of 1977. Both councillors and administrators supported the idea of such a workshop for both the outgoing Council, so it could pass on advice to the incoming Council, and for the incoming Council so it could set joint targets with the administration for its term of office.

Summary

Councils from all four Project Municipalities have been influenced to some extent by the LGMP. In none of the municipalities, however, has a comprehensive set of corporate goals and broad objectives been defined. There is no question of the desirability of corporate goals and objectives but there is also no question that they would be of little advantage unless they were used in the active, ongoing management of the municipality.

Such active employment of goals and objectives by council will require considerable knowledge on the part of councillors and considerable assistance and guidance on the part of administrators. Thus, it is crucial that top administrators understand and support the process themselves before council workshops are initiated. A split administration will encourage split support on the part of councillors and little will be resolved at joint workshops involving only part of council and/or administration.

Introduction

The LGMP is a broadly conceived management improvement project, which is essentially aimed at the development of the prerequisites for corporate management, if not at the achievement of corporate management in the overall sense. To this point, the LGMP has not succeeded in introducing a comprehensive form of corporate management in any of the Project Municipalities but it has assisted managers to experiment with, and sometimes to adopt, a number of related techniques.

Although the LGMP has failed to make a firm impact on corporate management during its relatively short life, it is hoped that the administrators and councillors in the Project Municipalities will carry the process to its logical conclusion. With this in mind, this somewhat theoretical paper has been included to contribute to local government managers' understanding of corporate management. There is every reason to assume that managers who understand the concepts of corporate management can introduce them into their own organizations.

In addition to defining and explaining corporate planning and corporate management, this paper attempts to indicate how various LGMP initiatives, discussed in this book, should contribute to a corporate approach.

Definition

Corporate management refers to the process of developing, executing and controlling a corporate strategy plan. A corporate strategy is a 'grand design' for action which is developed from the senior managers'² interpretation of the mission or purpose of the organization. The planning aspect includes the necessary time relationships in that strategy.

Corporate management is as important for local government as it is for any business organization. Municipalities, however, differ from marketing oriented businesses in a number of significant aspects. For instance, municipalities do not have the traditional quantitative indices of business, e.g. market share, sales, profits, return on investment, to provide direction. A

further difference is that the continued existence of the municipality is not dependent upon how effectively the organization is managed. Unlike business, expenditure levels and income levels can both be manipulated and are not firmly dependent upon a market environment. These differences make the task of planning, executing and controlling a municipal corporate strategy more difficult than that for a traditional business.

Decision-making at the municipal corporate level is the process of adjusting the organization to meet the needs in the community, according to the availability of resources supplied by that same community. Without the traditional business indicators, municipal corporate decision-making must be related to such processes as how effectively the municipal government is able to identify and meet these community needs, how efficiently the administrative resources are deployed and how flexible the government is in adapting to changes in services desired by the community. Such a relationship recognizes that it is the environment that determines the purpose of local government and it is that same environment that is the origin of the organization's resources. Without an outward looking orientation senior level decisions concerning the allocation of resources would soon become concerned with the needs of the local government organization itself rather than with the people it serves.

Corporate management in local government is essentially balancing the fulfilment of community needs with the available resources. It can be defined as the process of finding the best possible fit between the benefits people desire from their government and the costs they are prepared to endure to achieve those benefits. Corporate management means identifying this best match or fit and planning, executing and controlling a strategy to make it happen in the most efficient and effective manner possible.

Effective corporate management depends on a clear concept of the mission or purpose of the organization, in order to use the municipal resources most effectively to supply needed services to its citizens. The development of a corporate plan, which flows from this purpose, is a vital aspect of effective corporate management. This plan provides the vehicle for integrating individual efforts into a co-ordinated corporate effort. There are three basic elements to the development of a corporate plan:

1 The term 'corporate planning' is frequently used in a broad sense to denote the range of operations referred to in this paper as corporate management.

2 'Managers' in this sense refers to both councillors and administrators.

- 1 identifying and determining the needs for public services in the community and the levels at which these needs will be met;
- 2 identifying and determining the community resources that will be required to meet these needs; and
- 3 identifying and determining what results are to be expected from the corporate activities designed to fulfil those needs.

A corporate plan is necessary for administrators to ensure, through their decision-making, that the resources are optimally allocated. Budget setting, personnel planning, etc. are dependent upon interpretations and expectations of the corporate plan. The overall plan is important because the design, execution and control of administrative plans and activities are only as good as the corporate strategy on which they are based.

Under a well conceived corporate plan, corporate goals and broad objectives can be translated into specific policies and operational goals and objectives. In turn, these provide direction for more specific programs which can be planned, executed and controlled in accordance with the purpose and function of the organization. The development of programs designed to implement and work toward the attainment of corporate goals can ensure that the organization presents a total system of action geared towards meeting the community needs as efficiently and effectively as possible.

Framework for Corporate Management

Having identified some of the basic features of corporate management, the steps or processes which constitute corporate management will be examined. A number of different models have been advanced to explain the processes involved in the overall and lengthy process of corporate planning and management. For this discussion, the steps involved in corporate management have been divided into two groups; those which make up corporate planning at the council level; and those which constitute corporate strategy execution at the administrative level. This division reflects the differences in the processes involved in long-term corporate planning and the development of co-ordinated programs as a vehicle for the implementation of the stated goals of the city.

In dividing corporate management in this way, it is emphasized that the very important interplay between council members and their staff should not be ignored. The LGMP staff are convinced that policy planning at the council level is highly dependent upon administrative advice and information. Much of the initial work on policy planning will be undertaken by administrators, who are, after all, the professional managers.

After examining these two levels of corporate management separately, the relationship between the two will be explored.

1 *Corporate Management at the Council Level*

The steps involved in this phase of corporate management will be examined in order. It should be kept in mind, however, that in reality the process is not linear,

with a clearly defined beginning and end, but is rather an on-going cycle of re-examination, re-definition, and refinement.

a DECIDE ON THE PURPOSE OF THE ORGANIZATION

This is a particularly important and difficult task in these days of re-thinking of local government's role in society as a whole, and in individual communities. In order to make strategic plans for a city or town, policy makers must decide what they are ultimately trying to accomplish with the local government resources. They must consider the different directions possible and choose the one that seems to lead where the city should, ultimately, be going. Not only can this stated purpose and direction help to clarify the role of the local authority for council members and citizens alike, but such a statement can also provide a rationale for decision-making and expose confusion and implicit contradictions within the organization's operation. At the same time, it can provide a starting point from which goals for future action can be developed.

Because the stated purpose provides the basis for long-range goals that are common to different departments, it also establishes the basis for co-operation and co-ordination between departments with different functions but with a need to integrate their activities. If the purpose and direction of the organization is not explicitly stated it will be assumed by decision-makers. The danger occurs when individual managers make different and/or inaccurate assumptions.

A meaningful statement of purpose must be made with a knowledge of the controllable and uncontrollable variables that constitute the environment. Some of these variables will provide constraints, while others will provide opportunities and needs for growth. An external, relatively uncontrollable variable includes the legal environment. In Ontario, as is the case elsewhere in Canada and abroad, there are very real statutory limitations imposed on local governments, confining their autonomy and power to act in many areas. In some cases, the local authority's purpose is defined by a superior legislative body. Also the cultural environment, the social environment and the economic environment are all external, dynamic and uncontrollable. Changes in each require the municipality to adjust to evolving needs and each presents constraints on that government's ability to manoeuvre. These variables must be considered by the municipality in formulating a statement of purpose.

The process of reaching such a statement of purpose is a very important one. It can be even more important when taken together with the other processes of corporate management, for it provides the basis on which the corporate strategy is built.

b DECIDE ON CORPORATE GOALS

Having arrived at a statement of the municipality's purpose, the council's next task is to formulate corporate goals consistent with that purpose. Goals provide the foundation for action by breaking down a gen-

eralized statement of purpose into separate management areas which provide better direction for local government efforts.

Once the factors that determine the community's need for municipal government have been identified and determined, goals, or broad statements of purpose and direction, can then be formulated within the context of each of these need areas. For example, goals could be developed for transportation, housing, parks, social services, and so on. It is important to remember that while the scope of such goals may coincide with traditional departmental lines, the goals will, and sometimes should, transcend such lines.

c CONDUCT AN ANALYSIS OF RESOURCES, CONSTRAINTS, KEY FACTORS

Because the community's needs and the resources to meet those needs are mutually determined, an analysis of resources, constraints and other key factors is crucial to meaningful and effective decision-making. This analysis should be an on-going process, and available to council members at each step of the corporate management process. The importance of such analysis seems self-evident, but the important aspects of it will be briefly reviewed.

i Decision-making in a vacuum

Without information about the municipal environment, resources in money and people, and the many constraints facing local government, policy makers would be making meaningless strategic plans.

Without such information, strategic plans may be based on personal preferences, guesswork and misconception, and would hence have little relevance to municipal reality.

ii Prediction

In formulating long-term strategic plans, prediction, which must involve guesswork to some extent, is very important. It is vital, therefore, that the guessing be as informed as possible about the present situation, possible changes and the reasons for those changes.

iii Expectations

Closely related to the previous points is the fact that policy makers' expectations for results or performance will be more realistic if they are based on reliable information and analysis of the resources available for operating programs. This could lead to a closer correlation between objectives and performance.

d DETERMINE PRIORITIES

This step in corporate management is necessary to determine the level at which the community needs for public resources will be met. Priorities are also necessary to achieve a workable translation of corporate goals into action programs or objectives. Given the limited resources available to communities, it is impossible to allocate funds to simultaneously achieve all the action programs which are desirable. It will be necessary, therefore, to determine priorities among objec-

tives, in order to allocate scarce resources most effectively. This kind of decision-making could probably best be made within a program framework. Thus, programs which contribute to the achievement of high priority objectives will receive the appropriate funding. Such decisions would necessarily rely heavily on information provided by an analysis of pressing community needs, available resources and the costs of achieving different results or performance levels.

e DETERMINE SPECIFIC STRATEGIES AND ALLOCATE RESOURCES

Having identified the corporate purpose, goals and priorities, it is necessary to evaluate different methods of achieving those aims in terms of cost, effectiveness, time frame and other factors. On the basis of the available resources, alternatives and the priorities identified, policy makers can select operational strategies that best satisfy their purpose. Choosing strategies in this way will facilitate allocation of resources for programs which are most consistent with the goals of the city.

Through this series of steps, council members will be able to control the direction of their city more effectively. Their budgetary decisions can be based on a considered determination of priorities, and on the programs most sensitive to community needs as well as being most economically feasible. The completion of these steps, however, does not complete the corporate management process. Far from being an isolated planning exercise, this level of corporate management is part of a cycle. Drawing on information provided by the administration, council can regularly re-examine and review the stated purpose, corporate plans, strategies and programs. This feature is a vital one in the makeup of a corporate management system. Through a regular and systematic review of its policies, the organization can avoid rigid adherence to outmoded programs and instead can evaluate and control its policies in terms of community needs and adapt its functions to a changing environment. This policy and program review feature, promotes the flexibility necessary for successful corporate management.

2 *Corporate Management at the Administrative Level*

Corporate management at the administrative level is crucial to the successful implementation of the overall corporate strategy plan. It is at this level that the term corporate management becomes most meaningful to describe the execution and control processes involved. It is properly the task of the elected members to determine policy for local government, and to direct and control the spending of tax dollars. Once these decisions are made, however, the city's administrators must translate the corporate goals and priorities into operational goals and objectives and action programs to achieve those goals. In effect the administration puts the corporate strategy plan into operation.

The administration's task is separable into a number of steps which, taken together, form a vital part of the whole process of a corporate management system. This process depends heavily on goal and objective setting

skills for its success. Like the council members' identification of goals and priorities, the setting of operational goals and objectives is essentially an on-going cyclical process. It is also closely related to performance measurement and depends heavily on the provision of reliable information to decision makers.

a SET OPERATIONAL GOALS

The management team must first translate corporate goals and broad objectives into operational goals. That is, the goals identified by council for each goal area of community needs and services must be translated into action-oriented goals and broad objectives for specific programs. At the same time, existing programs and commitments of time and resources must be modified to ensure consistency with corporate goals.³

An example of a council level corporate goal for the area of parks and recreation would be:

to provide safe, enjoyable, physically attractive parks and recreational opportunities that meet residents' needs on a year round basis.

The task of the city's administrators would then be to develop goals for departments and/or programs which would work toward this more general aim.

Examples of such department-wide goals might be:

- i To make maximum use of the men and materials available to the parks and recreation department.
- ii To fully inform both citizens and visitors to the community of the recreation and parks facilities open to them.

A number of such goals would be formulated for each major area of the city's operation. These would be based both on analysis of needs, and the aims identified at council level.

b SET OPERATIONAL OBJECTIVES

Once operational program goals are established, the management team must identify and weigh alternative strategies to attain these goals, much as the council decided on the best strategy for the allocation of resources. In light of this analysis the 'best' plan, resulting from the weighing of costs, benefits and so on is chosen, and translated into objectives designed to implement the plan. Objectives, which are derived from goals, are specific statements of what is to be accomplished in measurable terms, and provide the criteria for measuring the success of programs. Thus, taking the department goals discussed above, objectives that might be specified could include:

Objectives for Goal i

- i To have all supervisory personnel complete a required course in management or human relations by the end of the year.
- ii To devise a float file system that would include all complaints and comments from citizens. This would be circulated to all supervisory personnel by X date.

Objectives for Goal ii

- i To prepare a comprehensive document outlining the services and facilities offered by the department, to

be distributed to all residential dwellings and selected commercial establishments X weeks prior to the start of any season.

- ii To increase the advertising budget of the department by X%.
- iii To increase the revenue accrued from various activities by X% without increasing the cost of those activities to the citizens.

c ALLOCATE RESOURCES

The next step is to allocate the resources necessary to achieve the objectives as efficiently and effectively as possible. Techniques such as program budgeting (which will be discussed at length below) can be very useful at this stage. Using this technique, instead of assigning people, money and machinery on the basis of past activity, administrators will be guided by the goals and objectives they have identified. In this way, the relationship between objectives, priorities and resource allocation is made more clear at the operational level, as well as at council level. The result can be a more effective use of limited resources, and better results from municipal activity.

d EVALUATE PERFORMANCE

Performance evaluation of the achievement of programs and organizational units is one of the most important steps in the corporate management process. Rather than being seen as a purely output oriented exercise to oversee workers, performance evaluation is becoming recognized as an essential part of effective corporate management. Indications of how well objectives are being attained are essential to the optimum allocation of resources, the setting of new objectives, and so on.

Objectives are set in quantifiable terms, not only to guide the implementation of program activities, but also to allow for control and the evaluation of performance. This can help administrators identify trouble spots as well as providing valuable information for future resource allocation, objective setting and identification of priorities. Clearly, objectives for many city services are not easily quantified, nor is performance easily evaluated. The on-going process of objective setting and performance review, however, can lead to a better understanding of where the dollars are spent, and how they might be put to better use.

Performance reviews must be held at regular intervals to be meaningful. They complete the corporate management cycle, and provide information for setting new objectives and modifying others.

Different cities can determine the length of this cycle according to their individual needs. The Greater London Council has a ten to fifteen year strategic plan from which long-term policy is determined. Annual reviews are held to allocate resources and to set operating objectives. The best arrangement is probably to have yearly

3 When corporate management is first introduced into municipal government, programs will be devised to coincide with the existing structure and resources available. Gradually, however, the municipal organization will adapt to a form more consistent with an ability to react to the environmental pressure.

or twice-yearly objective setting with a longer term between the review and possible modification of goals.

3 *The Relationship Between Corporate Planning and Operational Goal and Objective Setting*

These two stages in the corporate management process have been discussed as if they were easily separable. They are, of course, both contributory parts of an effective corporate management system. It may also have been assumed that the two stages can be divided clearly between the council and the administration. Such an assumption would be misleading and consequently the inter-relationship between these two requires further discussion.

a CORPORATE PLANNING

Certainly at the very highest level, where planning involves the entire organization, it is the task of the elected representatives to determine the direction of the city as a whole. Many council members, however, are new to municipal government and may have short terms of office. High turnover of this kind can lead to a heavy reliance on administrators for advice on policy, environmental factors and possible impact of programs on the community. The advice administrators give is based on experience and also on the kind of information that performance reviews can provide about the operation of the city. Thus, an important interface exists between council and administration, even in the choice of long-range strategic plans.

b OPERATIONAL GOAL AND OBJECTIVE SETTING

Goal and objective setting at the administrative level is also an area where a close relationship between council and administration in corporate planning is important. It is clearly desirable that the elected members, who are ultimately responsible to the community, participate actively in the setting of operational or program goals, and not restrict themselves to long-range corporate goal setting only. Not only can the hierarchy of priorities determined by the corporate planning process be preserved, but council members and administrators will be better able to understand each other's tasks and problems if they collaborate in setting goals to achieve the city's ends in both the long and short run. Operational goals and objectives are also more likely to be consistent with the corporate goals if goal setting is a well co-ordinated effort shared by council and administration.

c RESOURCE ALLOCATION

Resource allocation is another process in which the co-ordination between council and administration is clearly vital. Funds must be allocated to ensure that the goals of the city are achieved in the most economical and effective way possible. Here again, council must rely heavily on administrators for the information needed to make such decisions.

Detailed allocation of money, people and equipment, among and within programs at the operational or 'nuts and bolts' stage, also reflects co-ordination between the two levels. Short-term budgeting and day-to-day work assignments must be consistent with the priorities estab-

lished on a broader scale, and must therefore be based on a thorough knowledge and understanding of corporate strategy.

d TOP-DOWN AND BOTTOM-UP

This brief discussion of the close relationship between corporate strategy planning and operational goal and objective setting illustrates how important two-way communication is to the corporate management process. The well-known competition between the two approaches of 'top-down' (where objectives are determined by goals set at higher levels) and 'bottom-up' (where operational objectives are seen as determining higher level goals), can be readily seen to be dysfunctional in this context.

Goals and objectives at all levels must be inter-related. This inter-relationship is especially important in local government, where reliance by council on the administration is heavy, and where the constraints on managerial decisions are often more strict than in the private sector. Flexibility, co-ordination and communication are accordingly key words in the development and operation of corporate management.

e STRUCTURE

The structure established for the corporate management process can vary widely according to need, and can determine the success or failure of the corporate management effort. A number of alternatives for approaching improved council/administration co-ordination are outlined in paper 21. It is worthwhile to note here, however, that the choice of a central co-ordinating body for corporate management may facilitate the co-ordination discussed above. If both council members and administrators met in this body to determine strategy and set goals, not only could the potential gap between corporate strategic planning and operational program planning be bridged, but working relations and mutual understanding could also be improved.

Benefits of Corporate Management

Having discussed the nature of corporate management, this part of the paper outlines the benefits of the corporate management process to municipal government.

1 *Explicit Decision-making*

The corporate management process at both council and administration levels makes the basis for decision-making more explicit. In specifying both corporate and operational goals and objectives, city officials make clear, what are otherwise often unconscious decisions and assumptions about priorities, resources and corporate purpose. This clarification of the decision-making process can make it easier to choose between strategic alternatives. Hence, when goals, or the environmental circumstances on which they are based, change, the corporate management process will likely highlight such changes and decision-makers will be better able to modify their objectives and operations accordingly. This results in an improvement in the overall effectiveness of the municipality's government.

2 *Direction of Municipality Specified*

When not only the decision-making process but also the organization's purpose, strategy and goals are made explicit, there is a greater understanding within the city of how different parts of the municipal organization fit into the whole. This understanding is likely to lead to a reduction of confusion about priorities and the purpose of various activities. At the same time, lower level operational decisions can be made within the context of the city's goals and operation as a whole, rather than on an *ad hoc* basis.

3 *Administrative Goals and Objectives Specified*

The benefits that accrue from corporate planning, as discussed above, also result from operational planning at the administrative level. Administrators can identify what their job is and how it fits into other programs and the goals of the city as a whole. Again, making administrative goals and objectives explicit improves understanding of priorities and the place of activities within the overall operation.

4 *Duplication Avoided*

Where resources are limited, duplication of effort and services is to be avoided. It is easier to identify duplication and contradiction in activities within a corporate management framework because the objectives at each level are determined by the corporate strategy, which forms an umbrella for objectives at lower levels. Specific statements of activity and purpose can thus help decision-makers to assign responsibility more effectively.

5 *Greater Sensitivity to Community Needs*

Not only can decisions be made on a more rational basis, but also city goals can be defined in relation to present and foreseeable community needs and problems. Because the corporate management process focuses on community needs and problems, skills and resources can be grouped in new ways to deal with them. Corporate planning also leads to dealing with the problems of the city as a whole, as opposed to a fragmented approach. Taken together, these features can help to make municipal government more aware of, and sensitive to, community needs and more effective in meeting them.

6 *Improved Ability to Deal With Demands on Local Government*

The interpretation of the function of local government that has been emerging almost universally over the past few years, includes a responsibility for the overall well-being of the community. The demands for service and pressures on local government have increased in accordance with this responsibility. To deal with these demands, an integrative and comprehensive approach is required to ensure that resources are not wasted in haphazard attempts to increase services, without regard to improving their effectiveness. Corporate management provides a framework for such an approach.

7 *Effectiveness is Improved*

Emphasis on goals and objectives tends to focus attention on their achievement, and the effectiveness of the

programs to which they apply. At the same time any unexpected results of programs, and the factors which led to those results, are more easily identified within a framework of goals, objectives and performance review.

8 *Improved Ability to Organize Regional Governments*

Because the boundaries of local governments in many countries are being enlarged through regionalism, it is becoming necessary to make plans for large and often heavily populated areas which have not previously engaged in joint planning. The strategic planning aspect of corporate management can help enormously in organizing the regionalization process, and in making it meaningful.

Relationship of Corporate Management to Other Processes

It is clear from the brief description above that corporate management is neither an isolated exercise by the city's top officials, nor is it a single technique of planning or management. On the contrary it can be seen as a system which makes use of many management techniques. By its very nature, corporate management co-ordinates such developments with other planning and management processes to form an overall system.⁴

The processes discussed here include the following.

- 1 Program Budgeting
- 1 Management by Objectives
- 3 Broad Goal Setting
- 4 Organizational Development
- 5 Management Information Systems
- 6 Performance Measurement
- 7 Reorganization and Restructuring

1 Program Budgeting

This process is one which can help both council and administration in allocating resources. It is basically a system of budgeting for action programs as opposed to the more traditional line-item budget. Developed in the U.S. federal civil service, this approach to budgeting and resource management enjoyed its greatest success in the late 1960's. As 'PPBS' it has since become somewhat less popular among government officials, possibly because of the way in which it was initially introduced. The concept was adopted with more caution in Great Britain, and may be more successful there. Many American and some Canadian cities⁵ have recently begun to introduce program budgeting concepts, with varying degrees of success.

The relationship of the PPBS concept and its potential value to corporate management is not difficult to identify. Both seem to be based on similar approaches to the

4 (See the list of publications for a more detailed discussion of these processes.)

5 For example, Calgary, Alberta and Edmonton, Alberta.

management and decision-making process. Some of the similarities include:

a PROGRAM APPROACH

Both corporate management and program budgeting stress the importance of co-ordinating the operations of an organization. They stress programs of action as the budgeting unit rather than departments, and tend to blur some departmental lines for that purpose. Emphasis is accordingly placed on goals, toward which several departments must strive in co-operation with one another. Both approaches involve an attempt to reconcile any conflicts in departmental interests through careful formulation of goals and stress how each department can complement the efforts of others.

b SPECIFICATION OF OBJECTIVES

Both corporate management and program budgeting depend on clear statements, in measurable terms, of how goals are to be achieved. The importance of formulating objectives for corporate management was discussed above. The necessity for a clear statement of objectives is similar for program budgeting. Not only are tasks clarified for line managers through objectives, but quantified objectives provide the basis for measuring success in attaining goals. Such indicators are essential to informed budget decisions, and in the setting of priorities.

c MONITORING PROGRESS

Both corporate management and program budgeting require not only that objectives be quantified, but that there be on-going evaluation of how well these objectives are being attained.

d LONG-TERM PLANNING

Because both these approaches emphasize programs with clearly stated goals and objectives, the development of long-term planning skills is essential to both. Such skills enable decision-makers to identify the goals they are seeking and to set priorities for the programs developed to meet those goals. Resource planning and management is vital to the successful implementation of both approaches, as is an effective means of identifying how money is spent and how it could be spent more effectively.

It is clear then that program budgeting and corporate management are consistent in their approaches, aims and techniques. Although an unco-ordinated and random attempt to introduce either to an unprepared municipal government would almost certainly end in failure, program budgeting can be a valuable complement to the corporate management process, and a useful tool for more effective planning and management.

2 Management by Objectives

Unlike PPBS, management by objectives (MBO) was developed primarily in the private sector, but is being used increasingly in local government. It is a management

technique whereby a manager, and his superior, specify performance objectives which are reviewed regularly. Performance is measured against the objectives which are modified accordingly, and budgetary and other decisions can be made on the basis of such processes.

Setting meaningful objectives and stating them in measurable terms can contribute enormously to successful corporate management. Corporate management is, however, more comprehensive than MBO. It tends to emphasize planning and co-ordination more than most MBO efforts seem to have done. Corporate management also strives to develop objective setting within the broader context of management as a whole, rather than introducing objective setting in isolation from other decision-making processes.

3 Broad Goal Setting

Many American cities, and several Canadian ones, have undertaken broad goal setting exercises with varying degrees of citizen participation.⁶ Skills in broad goal setting can be very helpful in developing meaningful policy statements and, with citizen participation, can ensure that the city's goals coincide with community feeling. Unfortunately, broad goal setting, as it is currently practiced, involves relatively little careful analysis of needs, resources or constraints. The result is often merely a statement of good intentions. Given the necessary information, however, city officials could make good use of broad goal setting practices in strategic decision-making.

4 Organizational Development

Development of the corporate management process may require a major organizational change program. Some traditional attitudes to municipal management inevitably undergo change because the setting of explicit goals and objectives requires making previously implicit decision processes more explicit.

The corporate approach stresses co-operation and integration in the management of the organization. Consequently the team approach to decision-making is one aspect of corporate management which is also common to many organizational development programs. Skills in team management, interpersonal communication and the balancing of concern for people and production can, therefore, be very important to the success of corporate management. As a result of this requirement, some authorities urge that corporate management be developed simultaneously with an organizational development program and that, in fact, the two be considered to be synonymous.⁷

5 Management Information Systems

This paper has stressed the importance of relevant and reliable information for planning and management decisions. An effective management information system is indispensable to the corporate management process. The corporate manager must rely heavily on information about needs, resources, changes in his situation and the environment, and the impact of policy. Performance evaluation and environment studies can generate such

⁶ For a discussion of one of the leading efforts in this area see the LGMP publications *Goals For Dallas 'A'*, and *Goals For Dallas 'B'*.

⁷ For further discussion see the LGMP publication *Organizational Change* (see *Publication Order Form* on last page).

information but the information system must ensure that it reaches those who need it.

This Project has been exploring different approaches to local government information systems. Most share an emphasis on tailoring the system to suit user needs. An information system designed to serve corporate management processes should reflect many of the needs of corporate managers. It should provide integrated information to help decision-makers identify how well objectives are being met and how well programs are meeting community needs. Effective information systems are a necessity for corporate management and should be developed in any attempt to introduce such an approach to local government.

6 Performance Measurement

This is one of the most valuable sources of information for the corporate management process. Managers at all management levels must measure their success in achieving the objectives they have set. There is a variety of techniques being developed to indicate levels of efficiency and effectiveness in most local government services. Such techniques, when combined with objective setting practices, can provide the expertise and information necessary for corporate management.⁸

7 Reorganization and Restructuring

As has been noted, corporate management tends to transcend departmental lines and divisions, and to concentrate instead on goals shared by departments. It is sometimes suggested that a city's internal organization should reflect the corporate management approach. Many cities have created a central co-ordinating body, or a single administrative position, responsible for goal and program co-ordination. Often a combination of the two is used. Other cities have retained traditional structures, and have modified existing roles to fit the functions of corporate management. As always, the choice is made according to the needs of the individual cities.

Differences and Similarities Between the LGMP and Corporate Management

The discussion of corporate management in this paper is based on the general approach taken in Great Britain. The LGMP, while similar to this approach, differed from it on a number of significant aspects. These differences and similarities are worth pointing out because the LGMP staff feel that they are important considerations in the development of an efficient and effective municipal operation.

Differences

1 INDIVIDUAL MANAGER'S EXPERIENCE

The concept of individual goal and objective setting as part of the overall process is one of the points where corporate management differs from the LGMP approach. Corporate management tends to be less concerned with supporting individual managers in setting goals and objectives for themselves. Corporate management is not a process to be implemented only at the top levels of the city organization; neither does it ignore the importance of individual managerial attitudes to the

corporate strategy and its success. Nevertheless, concern for goal and objective setting by individual managers is rarely expressed in either the literature or practice of corporate management.

2 IMPLEMENTATION STRATEGY

a Level of Implementation

As noted in the LGMP's *Project Overview Statement*, the goal and objective setting process is being implemented at the administrative level first, with longer range goal setting deferred. This approach differs significantly from that of most British authorities. The first step undertaken in many British cases is the preparation of position statements which review external conditions and identify long-term goals in that context. The corporate management framework is thus often introduced at the level of long-range planning in Britain, with the corporate management processes of operational goal and objective setting following the development of the major corporate strategy.

The LGMP recognizes the importance of comprehensive land planning and of strategic planning for municipalities. The approach taken to implement this Project, however, differs from that of some British authorities who have introduced corporate management. Rather than beginning with long-range municipal plans, the LGMP is developing goal and objective setting at the administrative level first. There are a number of reasons for this difference in implementation strategy.

- i The impetus for corporate management in Britain differs in many respects from that in Ontario. There is certainly concern in Ontario for more effective long-range community planning procedures and for the integration of municipal operations. The philosophy behind the LGMP, however, is to improve management skills first, then, when the efficiency and effectiveness of the administration is improved, to lead into a similar system of management for the municipality as a whole.
- ii The LGMP recognizes that council level decision-making is, in a sense, the true determination of direction for a municipality. Since councillors rely heavily on information from their administration for corporate management, however, it is felt that developing goal and objective setting at the administrative level will provide more of the kind of information that councillors need.
- iii Corporate management for the community as a whole is a deceptively simple concept. In reality, the issues and difficulties involved are extremely complex, and to articulate a meaningful corporate strategy plan is accordingly an enormously difficult task. Goal and objective setting at the administrative level is by no means simple, although fewer factors and constraints need to be considered than in corporate planning. It is hoped that developing expertise in goal setting and priority determining at

8 See the LGMP publication *Performance Measurement* (see Publication Order Form on last page).

this level will make council's task somewhat easier. Administrators, acting as advisors and sources of information, will have a better idea of what is involved in corporate planning and what it means to them. In addition to supporting council, administrators will also be better equipped to carry out council's intentions as articulated by the corporate plan, if they are already working within a goal and objective framework.

b Use of Budgeting

Many British cities have been approaching corporate management by the program budgeting route. The relationship of the two systems has already been explored. Corporate management embraces this method of resource allocation as one of the many elements that make up the entire process.

The LGMP, on the other hand, is not using program budgeting as a vehicle for the goal setting system. The project has studied budgeting carefully, and is closely following the experiences of many municipalities which are using different techniques. If a participating municipality wishes to develop a program budgeting system, the LGMP will be able to support these efforts and help integrate the system into an on-going goal and objective setting system.

One reason for not starting with program budgeting, however, is that skills in goal and objective setting are necessary to develop a meaningful program budget. Although both goal setting and program budgeting can probably be developed by a similar exercise, a working knowledge of goal and objective setting can make the program budget much more meaningful.

Furthermore, there are a number of dangers involved in beginning this kind of system through the budget. One of these dangers is that managers may see their objectives as a way to justify a budget. This is clearly not the purpose of corporate management in Britain, or of the LGMP system. It is also important that goal and objective setting not be seen as a threatening process, which could happen if it were too closely tied to the budget.

Certainly objectives should eventually be used for resource allocation, and ideally program budgeting is entirely consistent with the kind of administration envisaged by the LGMP. Given the history of program budgeting in North American local government, however, and the difficulties encountered with it, program budgeting may be more useful as a budgetary tool after a goal and objective setting system has been implemented. Introduced in this way there is less danger of program budgeting becoming an end in itself.

c Structural Change

One of the differences between corporate management in Britain and the LGMP goal and objective setting process, is the approach to structural change. Corporate management in Britain often involves changes in organizational structure. Although the LGMP is following restructuring and reorganization experiments around the world, it is not immediately concerned with the restructuring of participating municipalities. Its ap-

proach is rather to develop a system of planning and management which answers the needs of cities within the present structure, while remaining flexible enough to accommodate structural and other changes should they be necessary. This is not to say that the goal and objective setting process was developed for one kind of municipality only. All four Project Municipalities are very different from each other, structurally and otherwise. This diversity has made the implementation process richer and more informative than it might otherwise have been.

Similarities

1 FLEXIBILITY OF THE SYSTEM

A similarity between corporate management and the LGMP goal and objective setting process is flexibility. Both systems must be tailored to fit the needs of the municipality introducing them. The British approach has been to avoid imposition of a rigid system on different local governments, and to implement corporate management at a rate most appropriate to the individual authority. The LGMP has adopted a similar attitude to its goal and objective setting process and encourages participating municipalities to become sensitive to their own characteristics and needs. In this way, it is hoped that the municipalities will develop a system that can best suit their needs.

2 GRADUAL IMPLEMENTATION

British cities are implementing corporate management gradually and carefully. Their approach to program budgeting has been a cautious one, with a wish to avoid immediate wholesale change and the problems such attempts involve. The LGMP is also reluctant to introduce change too rapidly. Both elected and appointed officials must fully understand what the system is and how its introduction is affecting the organization. Without understanding, they can neither implement it successfully nor evaluate its effectiveness. Another reason for slow and careful progress is the natural resistance to change encountered by any such program. If the changes are made gradually and are based on a sensitivity to management needs at all levels, this resistance is more likely to be overcome.

Summary

The above observations on problems of implementing corporate management are equally valid for implementing a goal and objective setting process. They are being borne in mind by the LGMP Team, and the implementation process reflects this.

Flexibility and caution are both vital to ensure the development of a strong system likely to survive the first flush of enthusiasm for change, as the unsuccessful experiences of many cities have illustrated repeatedly. Nevertheless, the LGMP looks forward to helping participating municipalities to develop corporate management involving corporate and operational goals and objectives as soon as it will be appropriate. In this way, a total system can be developed in a Canadian context which will hopefully resemble the British corporate management concept at its best.

The LGMP is an experiment in the development of an organizational change process designed to improve the efficiency and effectiveness of local government operations. It has been underway now for three years in four distinctly different municipalities. The goal of the Project has been not only to bring about permanent and wide scale management improvement in the Project Municipalities, but also to obtain and pass on experience and information that will aid management improvement efforts in other municipalities. In this book the LGMP staff have attempted to explain some of the major lessons learned during the Project and have identified and described some of the more useful techniques which they have developed or borrowed and adapted. These will be summarized in this section and a number of additional areas of importance to managers attempting change will be highlighted.

Requirements for Effective Organizational Change

Early on in the Project, the Project Team carried out an exploratory study of previous experiments in management improvement. This study led the Project Team to conclude that there were two fundamental elements in any effective management system – *goals* to provide general direction, and *objectives* to provide specific targets. The Project Team has since learned that while goals and objectives are indeed keys to more effective management, a number of other requirements must also be met if the change process is to be successful. A discussion of these requirements follows.

Direction and Involvement

In any organizational change process, the participants must be provided with both direction from above and the opportunity to make significant and recognized contributions at their own levels. These needs are complementary, not conflicting, as many managers seem to feel.

How were these needs met by the LGMP? The Project Team, the internal consultants (or Project Leaders), and, to some extent, certain top level administrators provided the overall direction. Workshops were held to obtain input from top level managers on how they thought the program should develop, and the program was modified to meet the needs they expressed. This modified program provided direction to the managers at the next level of the organization. They, in turn, were able to modify it to meet their own particular needs. This process was carried out at each management level using the problem identification and problem-solving

procedures discussed in paper 8. In this way, all managers became involved and committed, at least to some extent, to a basically consistent program which they had helped to design.

Management Awareness of Alternatives

In order to provide managers with information which will enable them to make better input to the development of a management improvement program, the external advisor should point out feasible alternatives for such programs at orientation workshops, and emphasize those which he feels are most appropriate. If managers have previously been asked to identify management problem areas within the municipality, the initial objectives of the improvement program can involve solutions to the problems identified. The appropriate change techniques can then be selected. This approach will tend to lessen later dissension among managers stemming from their desire to try other alternatives for management improvement, which they may learn about during the implementation of the program.

An Understanding of the Manager's Role

The need for direction at each management level has been noted. Even more crucial, however, is an understanding by each manager of the role that he should play as a manager, as opposed to a technical expert. When emphasis is placed upon the output or efficiency of an organizational unit, the actual role each manager plays in achieving those ends is often ignored. The Project Team found that managers were frequently unable to set goals and objectives to improve their own performance because they had little idea of the roles they should be playing as managers. Frequently, rather meaningless goals and objectives resulted and the process only added to management workload rather than acting to make the manager's operation more effective. Paper 6 deals with some alternatives for management training which should help to resolve the role identification problem.

Procedures for Goal and Objective Setting and Problem Identification

Managers need reasonably definitive procedures to follow in setting goals and objectives. In particular, the Project Team found that most managers were defensive about allowing their staff to have *real* input to problem identification and decision-making. There was a hesitancy by higher level managers to accept the existence of expertise at lower organizational levels. If

lower level managers did not have substantial input, however, both the quality of solutions and the commitment to those solutions suffered. In fact, the inability and often unwillingness of administrators to be open to input from subordinates or peers in identifying problems, was one of the most difficult implementation problems faced by the Project Team.

Goals and objectives are used to solve management problems, to develop effective support services, to establish operational procedures, to improve communication, to make human and financial resource decisions, and to carry out effective reorganization. Specific papers in this book have dealt with techniques for the use of goals and objectives in each of these management areas.

Improvement in Managerial Performance

As managers become more aware of their managerial responsibilities, as distinct from their technical responsibilities, an important contribution to the development of improved management performance can be made by establishing measures of managerial performance and instituting a comprehensive management review process. Papers 15, 16 and 17 deal with this important area.

A Recognition of the Unique Needs of Local Government Managers

In addition to the general requirements for effective management outlined above, municipal managers have some needs which are specifically related to their particular structures and purposes. For instance, there is a great need for corporate thinking and corporate approaches to management at both the administrative and the elected level. However, the extent to which corporate management is presently understood and used differs greatly among municipalities. The appropriate procedures for corporate management implementation depend upon the structure and the personalities of the councillors and senior administrators.

Councils differ from executive decision-makers in business in that the goals and objectives of councillors are often centred around improvements to their own wards and they sometimes are mainly concerned with advancing their own political careers. In addition, councillors frequently have little experience with local government or management. They are the people, however, who are responsible for the policy decisions which determine direction for the municipality and the type of services to be provided to the public. In actual fact, much of their power is theoretical, as real direction is largely determined on the basis of administrative recommendations. Thus, to a large extent, council must play a controlling role to ensure that administrative recommendations and the services provided are based upon the interests of the public and are not merely self-serving. Reconciling the policy-making role of council and the implementation role of administration, to attain optimum effectiveness and efficiencies in the management of a municipality, is a major challenge. Unless some type of administrative integration is developed, e.g., a chief administrator or senior administrative team, the potential for effective management is very limited.

Since the development of efficient and effective corporate management was the major goal of the LGMP, the final paper in this book was, appropriately, concerned with corporate management. As indicated in the introduction and conclusion to that paper, a full corporate management process has not been achieved in any of the Project Municipalities. However, no one connected with the Project considers that it was a failure. On the contrary, it has probably revealed more about the complexities of organizational change in local government and has resulted in the development of more pragmatic techniques to bring about management improvement than any other project on record. A sincere attempt has been made to document LGMP experiences in a manner which will be of some benefit to managers in other municipalities. The concepts discussed in this book represent part of that documentation.

Additional Factors

Many of the lessons learned from the LGMP experiences are reflected in the papers contained in this book. There are, however, a significant number of lessons which became evident during the Project that have not been incorporated in papers to this point. To release this compendium without at least mentioning some of those very significant factors would constitute a disservice to managers and change agents who read these accounts. At least some of these factors are so general and pervasive that they have the potential to influence the effectiveness of any management improvement program. They include:

- 1 the very significant effect of a manager's personality upon the interactions and attitudes of the people in his organizational unit;
- 2 the crucial role of individual managers themselves in the implementation of organizational change, and the resultant need on the part of those managers to develop certain skills;
- 3 The almost complete absence of reward systems in local government organizations which reinforce managerial effort, ability and initiative; and
- 4 the general inadequacy of municipal councils as executive management bodies.

While complete papers could be written upon each of these factors, the LGMP information in these areas is incomplete at present and a full discussion must await *The LGMP Experience: Phase III*, or the final summary paper on the LGMP experience. In the meantime, a few comments on each of the factors identified should help to indicate their importance.

EFFECT OF PERSONALITY

There has always been some question regarding the degree to which a manager's personality (leadership style, attitudes, personal openness, defensiveness, etc.) affects the operation and flexibility of the unit for which he is responsible and the satisfaction and productivity of the people within that unit. Through observations of management processes and interaction, and a comprehensive attitude questionnaire, the LGMP staff have obtained a great deal of concrete evidence revealing the

significant influence of a manager's personality upon his management style and the behaviour of his subordinates. The extent to which subordinates participate in decision-making, the degree of group cohesiveness, co-operation and co-ordination in the unit, and subordinates' attitudes toward their jobs, supervisors, and peers, can all be traced to the senior manager's operating style. Flexibility in accepting change, and motivation to do a good job, are also quite evidently related to the reward system established by each manager.

Measurable changes in organizations occur at the interfaces between individuals (e.g. superiors and subordinates), between suppliers and clients (e.g. departments and the public), between groups within the organization, between individuals and the organization, and between the organization and society. The need for change, the propensity to change and the direction of the change made by any organization or organizational unit, are all determined by individual managers whose personal perceptions and needs, and thus reactions, are generally somewhat unique.

When a manager has a less structured role to perform and fewer concrete measurement criteria such as profit, his personality is likely to have a greater influence on the way he does the job. High level management decisions are more likely to be influenced by personality than are lower level management decisions, staff decisions are more likely to be so influenced than are line decisions, and government decisions are more likely to be influenced by personality than are business decisions where profit is a controlling factor.

The influence of personality upon decision-making and upon subordinates' attitudes will be discussed in greater detail in subsequent LGMP publications and in the LGMP paper on organizational change.

THE CRUCIAL ROLE OF MANAGERS IN ORGANIZATIONAL CHANGE

Organizational improvements and changes are implemented by individual managers. Unless each manager clearly understands the type of change required and can clearly identify the role he is to play when the change is complete, he is unlikely to make the desired change. Probably the best and perhaps the only way to promote managerial understanding of change is to have the managers involved in the identification of problems which affect the way they do their jobs. Once those problems have been clearly identified managers can then participate in proposing solutions for those which can be solved at their respective management levels, and in providing suggestions to help in the solution of those problems which can only be solved at a higher level.

If the change process is to be successful, each manager must accept the need for change and must be prepared to accept and aid in his subordinates' participation in the process. He must supply rewards for effective changes through recognition, through management reviews, and through the development of all the motivational potential which exists in the job setting. It is clearly not enough to use the organizational hierarchy to provide motivation for change. Managers and emp-

loyees must be able to achieve job related and, if possible, personal pay-off from the introduction of the desired change.

To play an effective role in organizational change a manager needs to develop certain skills.

- a First, the manager must develop interpersonal skills in both accepting feedback from subordinates and peers, and in giving feedback which will help others to contribute to the goals and objectives of his unit. Many managers find it very hard not to be defensive about problem identification by the people who report to them. Many also find it hard to allow input to decisions from either peers or subordinates. Yet without these sources of input, a manager is operating in isolation and is also removing a valuable source of motivation, support and commitment to objectives, from others within his organization.
- b The manager needs conceptual skills to identify the full scope of his own job and those of other managers and in understanding and applying managerial improvement techniques. To an extent, of course, managers and subordinates can develop what are essentially new conditioned responses to cope with certain aspects of their work. Capability to adapt, to face new challenges and to help others within the unit to adopt new behaviour, however, only takes place through a conceptual understanding of the new approach to management.
- c Managers, particularly those at higher levels, must understand that there is no one perfect management style that is best for all people at all times. The optimal approach to management will depend on job requirements, the personality of the manager and many other factors. When he is operating at his best, each manager will be somewhat unique. Senior managers should be able to accept these different approaches to management and allow their subordinates freedom to operate in their own ways.
- d The development of co-ordinative skills are extremely important in corporate management. Councils can easily be confused or misled by conflicting and incomplete recommendations from administrators. Yet it is very frustrating for administrators to have to consult with their peers at all times before advancing recommendations to council. Effective techniques for co-ordination and mutual input need to be developed in each municipality and administrators need to adjust their managerial styles accordingly.

External and internal advisors will find it necessary to devote a great deal of time to helping managers develop the skills described above. It is not easy for managers to change styles of operation and they need to incorporate changes slowly. Support and guidance from change agents and senior managers is a necessary requirement for success in this area.

ABSENCE OF REWARD SYSTEMS

Bureaucratic organizations traditionally operate on the basis of clear position definitions and rules for manager-

ial and employee behaviour. Management consists largely of the application of the manager's greater experience and superior expertise and the observance and enforcement of rules. This type of operation creates three major problems which must be dealt with in a local government management improvement project:

- a innovative and problem-solving behaviour is not rewarded and, in fact, may threaten the currently defined mode of operation of many managers;
- b few possibilities for intrinsic motivational rewards such as challenge, achievement, and personal input to decisions, exist in such an organizational philosophy; and
- c new ideas from new members of the organization are generally not sought out and considered for incorporation into the system.

New ideas at all levels of a bureaucracy can be threatening and, particularly at upper levels, can have political ramifications. Councillors and top level administrators sometimes react negatively to a suggested change in operation because:

- a even if the implementation of the idea is successful they may obtain little or no personal benefit from the risks they must take;
- b they are uncertain about the possible effects of the proposed change on their own jobs and status and thus prefer the existing state; and
- c they are uncertain as to how to make the change to the new state and need support and direction.

As a result of the above factors an innovator in local government is taking certain risks and will seldom be reinforced or rewarded by either his peers or his superiors, even when that innovation is successful. This absence of reward systems for improvements in effectiveness and efficiency creates a significant barrier to management improvement in local government. The LGMP was seriously affected in all four Project Municipalities by managers who considered maintenance of the status quo as being more personally rewarding than the initiation of the desired change.

THE INADEQUACY OF MUNICIPAL COUNCILS

Municipal councillors frequently have little background either in management or in municipal government. Thus their decisions are often largely based upon personal needs or on what they perceive to be the immediate needs of their constituents, without any clear idea of alternatives, relative costs, or the long range costs and benefits to the municipality. A number of relatively simple corrective devices are possible, some of which have been implemented by the Ontario Government and certain municipalities.

a Councillor education.

Councillors are often unaware of the impact which their decisions have upon the operation and future of the municipality. Because it is easier for councillors to deal with minor administrative matters than it is to get involved in municipal planning and broad program development, councillors frequently ignore

these important subjects and become immersed in tasks which should be delegated to administrators. This behaviour can be very frustrating for administrators.

A two day course in corporate planning and management, related to the particular municipality, can probably be very helpful. Such a course can be conducted largely by senior administrators who can also take the opportunity to point out their own roles in the process of municipal government.

b Briefing on administrative goals and objectives:

Senior administrators should explain to council what they believe to be the municipality's corporate goals and objectives, and indicate what contribution their departments are attempting to make towards those goals and objectives. This knowledge would put the elected officials in a position where they could formulate and promote desired changes in municipal services to meet the needs of citizens.

c Joint council/administration workshop.

Joint workshops can be held to develop better procedures for the council/administration interface, including:

- i the handling of administrative recommendations;
- ii the development and presentation of alternatives by the administration;
- iii corporate resolution of crucial issues so that administrators can take action;
- iv corporate goals, programs, and broad objectives in each program area;
- v a satisfactory division of executive and administrative decision-making responsibility;
- vi better council agenda; and
- vii optimum procedures for determining when additional administrative reports are required to satisfy the doubts of councillors about the advisability of certain programs or recommendations. (Sometimes a great deal of administrative time and effort is devoted to obtaining and providing information which is not required to make a decision.)

d Recording and making public the votes of individual councillors on various issues.

This helps to ensure greater accountability to the public of elected members. In most municipalities votes are made public but in some this is still not common procedure.

The major corrective device is, of course, the development of an active interest in the improvement of the municipality and municipal government operations by the councillors and the public. Some type of publicly visible overview of municipal plans and objectives and their implications might help to stimulate the necessary interest and discussion.

Epilogue

A number of the issues introduced here will be enlarged upon in later LGMP publications. The management of local government is a complex task and the LGMP Team, managers in the Project Municipalities and the Ministry staff, realize that the processes and techniques described in this book have only scratched the surface of potential

solutions to management problems. What is significant, is the fact that the LGMP has become involved in meaningful management improvement in local government. Improvements in local government management have ramifications for the future life styles of all of us.

Appendix I

Project Publications

The investigations required for the design of this Project have led to some publications and working papers. As the Project proceeds and develops over the four years, additional publications will be forthcoming – originating from the Project Team at the School of Business, Queen's University at Kingston. These publications will be available for purchase on the publication date indicated on the attached order form. Orders should be sent to the Ontario Government Publication Centre, Ministry of Government Services, 3B-7 MacDonald Block, Queen's Park, Toronto, Ontario, M7A 1N8.

Apart from the *Project Overview Statement*, the various publications have been grouped into four series.

Project Overview Statement

This paper describes the Project in overview fashion. It contains a statement of the goal and objectives of the Project, a description of the goal and objective setting process, and the documentation and evaluation processes to be used in the study. Price \$1.00.

Series A Publications: Project Documentation and Evaluation

The purpose of this series of papers is to describe the experiences of the four Project Municipalities, to analyse those experiences, and to indicate their possible relevance to other municipalities. This series will also include papers outlining the design of the evaluation process, as well as periodic reports on the evaluation of the Project.

- 1 *The LGMP Experience: Phase I*. This paper traces the Project from its inception in 1972 through various approval stages ending with the approval of the Project by each of the four participating municipalities. Price \$2.00.
- 2 *The LGMP Experience: Phase II*. This paper traces the Project through its early implementation stages, ending at the termination of the second full year of funding. Price \$3.00.
- 3 *The LGMP Experience: Phase III*. This paper concludes the detailed story of the Project, ending with a summary of recommendations for other municipalities. Price \$3.00.
- 4 *The LGMP Experience: The LGMP and Organizational Change*. This final publication will include an overall perspective on the LGMP and an evaluation of the total experience. The analysis section, in this case, will be an analysis of the complete project and

the paper will end with a section on the broad implications of similar major programs of organizational change for other local government organizations. Price \$4.00.

- 5 *The LGMP Experience: Guidelines for Organizational Change in Local Government*. As they identified requirements for management improvement, the Project Team attempted to meet training needs and developed working papers explaining the procedures they had used. In total, these working papers, which have been edited and included in one publication, provide a framework or guide for various aspects of organizational change in local government. Price \$4.50.

Series B Publications: Technical Papers

The purpose of this series of papers is to present reasonably concise descriptions of broad areas of municipal management and administration as they relate to various aspects of the Project. These papers, which describe the state of practice and experimentation of the various areas, have been written for elected and appointed local government officials.

- 1 *Strategic and Corporate Goal Setting in Local Government*. Annotated bibliography. Price \$3.00.
- 2 *Performance Measurement*. An examination of the topic of performance measurement emphasizing managerial performance including examples of indicators in use in a number of municipalities. Annotated bibliography. Price \$3.00.
- 3 *Organizational Change in Local Government*. This paper describes the general field of organizational development in municipalities and summarizes the experiences of two municipalities. Annotated bibliography. Price \$3.00.
- 4 *Systematic Approaches to Information in Local Government*. An examination of the general field of information systems and a suggested approach to the systematic development and use of information in local government. Annotated bibliography. Price \$3.00.

Series C Publications: Case Studies

The purpose of this series is to describe various municipal experiences with programs related to the goal and objective setting process. The case studies are suitable for instructional purposes to focus discussion on the broad areas which the cases represent.

- 1 *Goals for Dallas 'A'*. The Dallas, Texas experience with broad goal setting involving extensive public participation. The 'A' case reviews the program from its inception in 1965 to 1972. Price \$2.00.
- 2 *Goals for Dallas 'B'*. The Dallas, Texas experience with broad goal setting involving extensive public participation. The 'B' case examines the program from 1972 to 1974. Price \$2.00.

Series D Publications: Periodic Papers

The purpose of these papers is to describe various aspects of the Project which are felt to be of interest to municipalities contemplating the introduction of a system of goals and objectives.

- 1 *Developments in the Management of Local Government — A Review and Annotated Bibliography*. This paper was prepared to provide local government managers and elected representatives with a description of current developments in the field of local government. The paper describes ten areas of development in the management of local government and supplies annotated bibliographies of books, articles and reports dealing with these areas. Price \$2.00.





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